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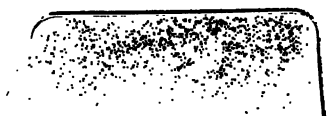
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**PERSISTENT  
PUBLIC PROBLEMS**





# PERSISTENT PUBLIC PROBLEMS

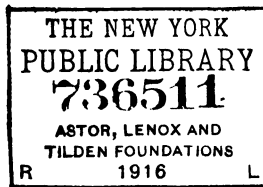
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*Unemployment*  
*Social and Industrial*  
*Righteousness*

EDITED BY  
ARTHUR O. TAYLOR

BOSTON, MASSACHUSETTS

1916



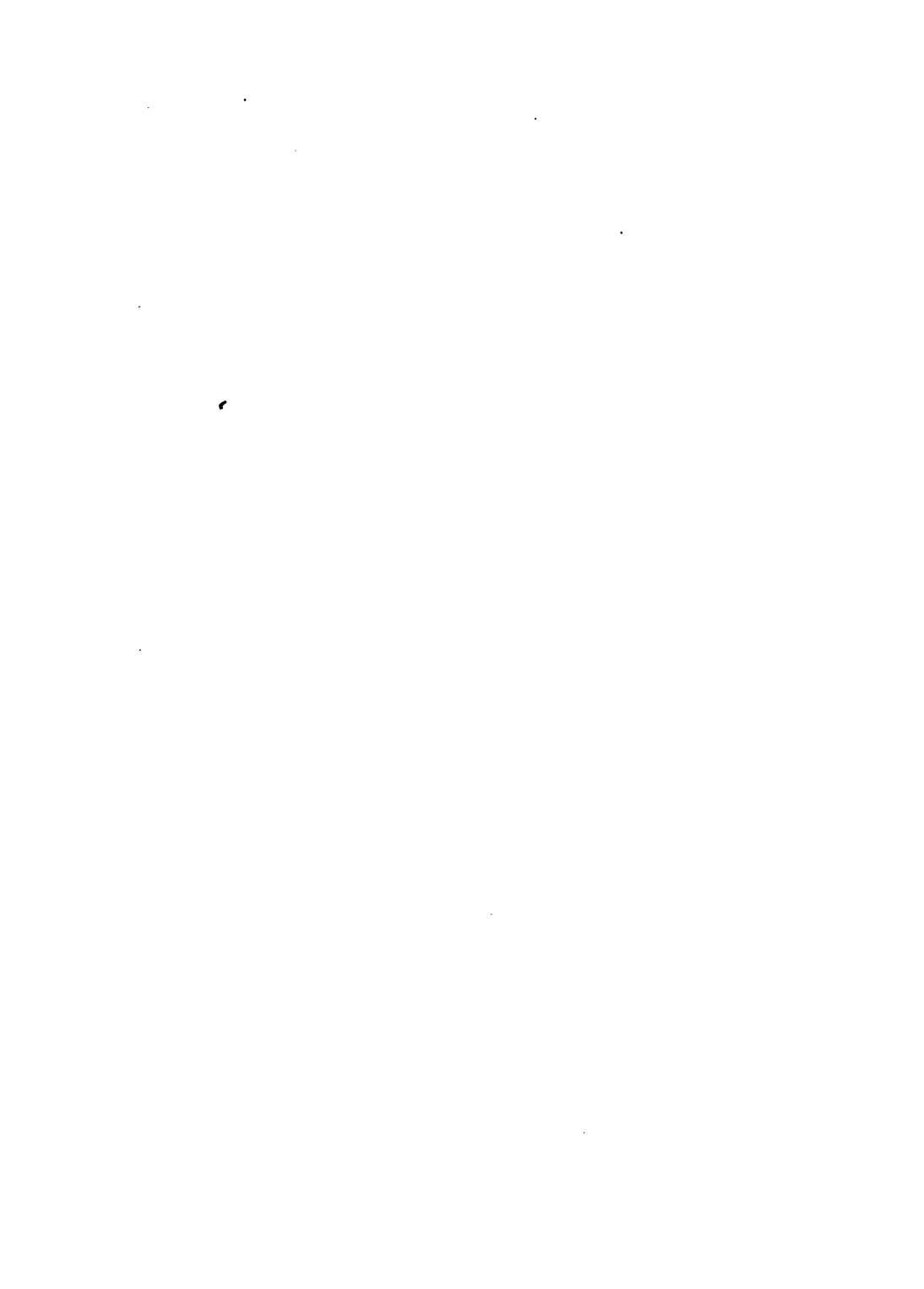
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**THIS BOOK IS DEDICATED**  
**TO**  
**ALL**  
**WHO**  
**SINCERELY SEEK TO SERVE**  
**ALL**



## PREFACE

This book contains a composite message from earnest, eminent men. They are not dreamers, but practical, busy men of affairs. Men who have made good and whose dominating purpose is to do good.

Here are discussed some of those persistent, puzzling, public problems which are more and more claiming the attention of thinking people.

Grateful acknowledgment is here made of the generous and cordial coöperation of all whose names appear on these pages as assisting in this work.

Every student of social problems and all who labor for social and industrial righteousness are confronted with the gigantic and complicated problem of unemployment, which has been said to lie in a very special sense at the foundation of our progress in civilization.

So closely interrelated as to be really a part of the problem of unemployment are some of our most vexing and alarming problems. For illustration we may mention the "wage question," the problem of the "high cost of living," &c.

Most programs for the remedy of unemployment, usually superficial and temporary in character, omit any consideration of these interrelated problems.

But no study, which seriously seeks for a solution, should fail to recognize the complexity and comprehen-

siveness of our social problem. Approaching our task with this understanding of it, we must realize that we shall not find any real solution of any part of it until we find a solution which applies to every part of it.

Our aim has been to present in an attractive, concise way some pertinent and helpful observations and suggestions.

If we shall have strengthened the faith of any one that a peaceable solution is surely coming; if we shall have widened the interest and increased the number of those who are willing to coöperate actively in working for the solving of these problems; if we shall have been of some service in securing a speedy and successful solution, this volume will have served its purpose.

A. O. T.

October 28, 1915.

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# UNEMPLOYMENT

By

ROGER W. BABSON,

PRESIDENT, BABSON'S STATISTICAL ORGANIZATION,  
WELLESLEY HILLS, MASS.  
SUBURB OF BOSTON.



# PERSISTENT PUBLIC PROBLEMS

## CHAPTER I

### UNEMPLOYMENT

**T**HE word "mob" is too often used unadvisedly. As a rule it is wrongly used to designate what Abraham Lincoln properly called the "Plain People." Only a reactionary would speak of the common people as a "mob," for the common people are generally straight thinkers and honest, while a mob is neither. The common people are the salt of the nation, but the "mob" is a national menace.

On the other hand, there is, unfortunately, in every large city a growing group of persons which may fairly be called a mob, and when a disturbance of any kind arises, the presence of the "mob" is made evident. Irresponsible, shiftless, cunning, and cruel, its members gather from far and near, quite willing to be violent,—in fact, preferring to be violent,—and this element is one of the real perils to the nation.

The "mob" is mustered from the "misfits," being composed of those who have failed to find a place in the industrial order. Its members are out of touch with the

world of work and wish to create a world of disorder to suit themselves.

Some of its members have been made so by times of depression. For instance, a boy loses his job in such a period. It is hardly worth while for him to look for another job, but he is a good boy and he conscientiously and thoroughly goes out in search of work. After a day or two of rejection he returns discouraged to his home neighborhood. He sees a group on a corner and the group sees him. The group is the "gang." Its members take care that their means of support, so far as possible, shall be invisible, and the means of support are petty thieving, small swindles, a touch of highway robbery, and money obtained from pliable relations. The gang attempts to assimilate the boy, and more often than not it succeeds, but the worst of it is that when work becomes plentiful again the new member has lost his taste for it. He is on the way to "mob" membership.

Good business and steady employment are the best cure for the "mob." Good business cuts off its supply of recruits. No army, not even an army of irregulars, can keep on without new recruits. The best work which can be done to reduce the number of the unemployed is that which will make the conduct of the business world so intelligent as to make times of depression rare by making everybody familiar with the "Law of Action and Reaction"<sup>1</sup> in its application to trade activity.

Employers have found that they cannot use a certain class of the population, and therefore some of them dub it "unemployable." They do not realize that it is often

<sup>1</sup> See chapter IV in "Business Barometers."

er unemployable largely because it has been unemployed,  
and that it has developed faults of temper because it has  
es been too often out of a job. Unemployment means the  
ch development of an unemployable class, and the time has  
e come for employers to realize that they must pay consid-  
er- erable attention to the men and women whom they may  
some day wish to employ. It is an open fact that men  
or women who work only at intervals become shiftless  
and broken. That the employer shall not have to utilize  
such people is of the utmost importance, and as a corol-  
lary to this statement, should not those who desire effi-  
cient men do their share to give steady work, even when it  
means some sacrifice? Employers must be loyal to their  
workers.

Some of the raw material of the labor market is raw  
because it has not been trained. "White collarism" too  
often rules our schools. "White collarism" is an obses-  
sion which makes people feel that the only jobs worth  
having are those in which the worker looks as though he  
were not working, and is the idea which has put *polish* so  
far ahead of *practicality* in our American education.  
The advocates of "white collarism," are the ones who  
have set down industrial education as a fad.

Children are trained to be able to take the show posi-  
tions instead of the positions which require skill and  
knowledge, the ones which most need them and which  
pay the highest wages. For the most part, the unem-  
ployed are those who have no ability at skilled work, and  
it is here that education must be called to the rescue.  
The boys and girls of this country must be trained to fill  
the skilled positions, but schools must partake more of

## 6 PERSISTENT PUBLIC PROBLEMS

the nature of workshops before this can be the case. In order that the schools may become centers of modern education, the gospel of industrial education must be preached to the voters of the country. As I have explained at some length in my book, entitled "The Future of the Working Classes," the education which will be a true economic industrial education will provide for beginning work earlier and continuing school later in life than at present, the greatest attention being given to developing a graduated change from school to work over a period of about seven years. The underlying principle of this is that the average boy is interested to learn only when at work, and can increase the net result of his work only by simultaneous study.

When America fears the mob so that it seeks to check the causes which produce mob members, it will have gone a long way toward checking unemployment, and when employers come to realize that steady work makes steady people, they will do their share toward conditions which make jobs more permanent. When the education of the country becomes modernized, the average worker will be too valuable for the employer to lose by shutting down, if there is a chance of keeping open.

It will be then that the problem of industrial insurance against unemployment may be taken up. There can be no insurance of any sort unless the risks are good. Industrial insurance to compensate the unemployed cannot come until the *foundation for it is firmly and fairly laid*. Life insurance is not written in hospital wards, and unemployment insurance cannot be written in Bowery lodging houses. It must be written for worthy, ambitious,

willing workers while they are employed. To a considerable degree unemployment must be cured by better and more stable business and by the right sort of education before any far reaching attempt to insure against it can be expected to succeed in any way. Economic education for the workers is very necessary if they are to secure their proper share of the wealth produced.

I am not so much troubled concerning those who are really unemployable because of their own laziness or dissipation, as I am about that other class which is worthy and willing to work, but often unable to secure the necessary work and money to keep life together. For this latter class I feel that there must be some kind of unemployment insurance, and I believe this unemployment insurance should be compulsory upon the employer. We often hear it said that an employer appreciates the loyalty of his men, but to my mind this is often a mere catch phrase, as many employers who use it seem to feel no responsibility for, or loyalty to their employees when orders become scarce and men are thrown out of work.

Loyalty must work both ways, and I believe the situation will be greatly helped when the law requires employers to publish the amount of orders on their books just as the unfilled orders of the United States Steel Corporation are made public. In addition to this measure, employers, in time of prosperity, should be forced to put aside for the benefit of employees a sinking fund as an insurance against such unemployment as cannot be avoided during periods of depression. The same purpose might be accomplished by taking out unemployment



insurance in an insurance company similar to the Massachusetts idea of employers' liability insurance.

The cost of this unemployment insurance is one which should be borne *directly* by the industry and *indirectly* by the public, and this would be the case if all employers were obliged to provide for it. The cost would be added to the cost of the goods just as fire and employers' liability insurance is now added, and the cost would then be really borne by the public. Of course there are other ways to ameliorate unemployment conditions, such as free employment offices run by the states, cities, and the National Government, and these should be encouraged and backed by everybody; but after these have been fully developed and the educational methods thoroughly revised, I believe the most effective way of dealing with unavoidable unemployment is through some sort of insurance. The burden of unemployment should no longer be entirely borne by the worthy, willing worker.

#### MR. BABSON'S PERSONAL PROGRAM <sup>2</sup>

In dealing with fundamental statistics and influences, Mr. Babson frequently treats of social plans and conditions. These statements bring so many inquiries which show a lack of appreciation of Mr. Babson's real attitude that we have prepared this leaflet giving his fundamental philosophy and personal program of action; although we also believe that the efficiency of churches, schools, organ-

<sup>2</sup> By Leroy D. Peavey, Vice-President of the Babson Statistical Organization.

izations and individuals can be greatly multiplied by a recognition of these fundamental facts.

Mr. Babson, who, trained as a civil engineer, bases all his work on "plans and specifications," has prepared the following ones on which he builds his social actions and recommendations, in the hope that they may be helpful to others, with such modifications as conscientious thinking may suggest to each individual.

### FUNDAMENTAL PHILOSOPHY

**HAPPINESS THE GOAL.** The goal of life is happiness, using the word in its truest sense, without reference to pleasure, amusement or self-indulgence. Money, power and fame, or even knowledge, health and religion, are of no use except as they promote true happiness. Moreover, *happiness*, *efficiency* and *righteousness* should be synonymous terms. To be happy, a man must be righteous and efficient; if he is not happy, he is neither righteous nor efficient.

**HAPPINESS DEPENDENT ON MANY FACTORS.** Experience clearly demonstrates that *happiness cannot be purchased, nor is it the result of acquiring or developing any one thing*, whether it be faith, health, intellect, property or recreation. Happiness is the result rather of the symmetrical development of all of these factors. In order to be happy, one must systematize his time so that it will insure the prayerful development of a healthy, useful and intellectual life, with a proper admixture of recreation. This is a religious life, and brings happiness, but if these factors are not developed in their proper proportion, one is neither religious nor happy.

In referring to the useful life, it is assumed that such daily work shall be properly recompensed, as each worker must have sufficient material prosperity in order not to worry about the support of himself and family, and in order to ultimately become a part owner of the means of production.

**MAKING OURSELVES HAPPY.** There are many practical means for developing these four fundamentals of life; but there are three requirements which are worthy of special emphasis.

1. Faith in God: We must have faith in God, cease worrying about what our neighbors think of our work or method of living and cease doing things or not doing things from fear of what some one will think or say. After seriously deciding what line of work is best for us to do, where it is best for us to work and live, and what is best for us to buy or sell, we should fearlessly act, and trust God for the result. To be happy, a man must have that self-control which comes through faith and prayer.

2. Daily development: Our daily work must be such as will develop us spiritually, physically, mentally and materially, and also provide proper recreation. Many people can never be happy so long as they continue in their present vocation; and the longer they so continue, the more difficult it will be to change. Such people should at once change their vocation to some useful work in a healthy place. It makes little difference what we select, but to be happy we must be of real service and also strive to become specialists, trying to do some one thing better than any one else does it.

3. Contentment and ambition: We must learn con-

tentment, tempered with a proper desire for progress, and appreciate our blessings while they last. A great amount of unhappiness is due to being spread out too much, with too many diversified and entangling interests. A peaceful mind comes only through having a very few aims and always keeping these clearly in view and refusing to be side-tracked to anything else. Above all, we must avoid covetousness.

**MAKING OTHERS HAPPY.** Many who understand the fundamentals of obtaining happiness for themselves are led astray in efforts to help others. There is no short cut to improving the conditions of mankind. Humanity has been struggling for thousands of years in reaching its present stage, and will probably continue to struggle for thousands of years to come. Permanent progress can come only very slowly, through religion, education and experience, for legislation can help only to a very limited extent. Democracy is but a step, and by no means the solution of life's problem. The laws of supply and demand, and of reward and punishment are fundamental and cannot be set aside by any laws of man.

1. **Publicity of facts:** The first great force accompanying religious development in bettering conditions always has been publicity, and it will so continue. The compilation and study of statistics and news is the basis of progress. The press has a great power for good. Every step toward making public the advantages and disadvantages of various vocations, habits and other practices greatly tends toward improved conditions.

(The publication of corporation and individual earnings, expenses, loans, and profits will do more good

toward eliminating monopoly than all possible anti-trust legislation. If the middleman is to be further eliminated, it will be brought about only by the marking of the cost price as well as the selling price on all goods. The unemployment situation can be fundamentally remedied only by manufacturers posting each month their unfilled orders and certain other data. A host of illustrations might be given along these same lines, but they would be out of place here. The point we desire to make now is that only as we approach greater publicity along all lines will our problems approach solution.)

2. Schools and education: Another great force in American life is the public school. Of course it is to be regretted that the home and church have lost so much of their former influence, for the public school can never fulfill all the functions of the home or church. During the present century, however, the public school is destined to fulfill many functions of both. The compulsory feature and certain other advantages of the public school will make it a great force in the coming years. Hence much of the time and money which we now devote to various other objects should be devoted to the public schools. Our own children we should train in our homes, but we can best aid in training the masses through the public schools.

3. Revision of inheritance laws: The third great force in readjusting conditions will probably be a revision of inheritance laws. Moreover our right to bequeath property by inheritance is wholly the result of legislation at the present time; therefore its revision must also be a *matter of legislation*. We shall always be permitted to

bequeath enough to the needy members of our families to protect them against want, but some day we shall not be permitted to endow our families, according to the present custom. Moreover, such legislation will probably be very beneficial to children of the wealthy as well as be the means of giving all a more equal chance in life.

**SUMMARY.** To give people an equal start in the race of life, to insist that the same rules shall be observed by all who race, and to provide instructions for the slower runners, is about the only really useful work that can be done toward "distributing prosperity." If men will not work, it is the law of God that they should starve, and any interference by us with this law, even for our own children or for those of others, is wrong. Hence the economic system should provide that such children of the wealthy as lack ability should be compelled to drop down in the scale and work with their hands, in order that the efficient children of the poor can more freely rise to executive positions. Of course, the law of supply and demand is now continually bringing this about, but so slowly that a great injustice is caused to the children of both the rich and the poor.

But in our efforts to help solve big problems, we must not forget the real goal, viz.,—happiness. Moreover, we must always remember that our first duty is to get ourselves rightly adjusted. We must be very careful personally to lead well-balanced as well as prayerful lives; (1) by keeping well, through cleanliness, deep breathing, outdoor exercise, careful eating and proper habits; (2) by being of service, through employment as a specialist in some kind of honest and profitable labor; (3) by constant *study, through systematic reading for an hour each day*

on the subject which one has selected for his life work; (4) by taking proper recreation in restful and interesting ways with the home life as a center. Above all things, we must not worry, but smile!

Because Mr. Babson believes that honesty or ability cannot be produced by statute and that legislation cannot set aside the economic law of supply and demand nor provide a substitute for the rewards of thrift and toil, he has been severely criticised by some as a reactionary.

On the other hand, because Mr. Babson has an abiding faith in the people, through righteousness and democracy, and a conviction that the rules or customs of commerce are not altogether fair and far from permanent; and because he has stood in public places and cried with a loud voice to the 5 per cent. who ordinarily do the thinking for the 95 per cent. that on questions of social progress and equitable distribution of wealth the thinking is being done by racial, class and sex organizations, while the 5 per cent. are still planning further personal gains, he has been called a demagogue and a dangerous dreamer.

It would seem from the criticisms that Mr. Babson is in the middle of the road. He has, however, no ambition to be in the middle of the road for the middle of the road's sake, but rather to steer his course according to fundamental facts and beliefs, stirring the wage earners to more tolerant thinking and the capitalists and employers to more constructive thinking in regard to social questions. If all of us think conscientiously and broadly, many of the present problems will be solved, and though new problems arise, each solution will bring us nearer universal righteousness and happiness.

**THE PROBLEM OF UNEMPLOYMENT**

**By**

**F. H. HANKINS**

**PROFESSOR, ECONOMICS AND SOCIOLOGY  
CLARK UNIVERSITY**





## CHAPTER II

### THE PROBLEM OF UNEMPLOYMENT

PERHAPS there is no more difficult problem connected with the modern industrial system than that of unemployment. An analysis of the conditions causing unemployment leads one directly into the very heart of the modern industrial system. No one can study the causes of this extensive evil without realizing that its prevention is well nigh impossible so long as an industrial system like the present is maintained. The utmost that can be expected are policies for alleviating its demoralizing effects. But so fundamental are the relations of unemployment to poverty, prostitution, sickness and physical and mental demoralization that every effort must be put forth by society to reduce its extent to the "irreducible minimum."

It is commonly thought that the probable causes of unemployment are of a personal nature. To those who have not inquired into the problem it seems evident that sickness, drunkenness, laziness, unreliability and inefficiency on the part of the workers are the real causes of involuntary idleness. A large proportion of Americans who are themselves industrious and hard-fisted find self-adulation in accusing those who are out of work with suffering the just penalty of their own faults. Now the

truth would seem to be that these personal causes are not a factor in extent of unemployment. One could not say with absolute certainty that there would be no more persons unemployed if no workers were lazy or inefficient; but one could say with a very high degree of probability that even if every worker were highly efficient, other factors remaining the same, the number of unemployed during such periods as the present would be only slightly affected. Nevertheless personal factors are important in determining which employees shall be the first ones discharged when business is slack and which ones shall be the last ones taken on when business revives. For a large employer the maintenance of his organization is so important that he retains a central corps of workers employed as continuously as possible. These are always the most efficient workers. Consequently, the lazy, indifferent, drinking and generally inefficient workers are added to the working force only when business is booming and are dropped as soon as decline sets in. Thus inefficiency and other personal factors determine to a certain degree who shall be unemployed but do not affect its extent. The proof of this is found in the great numbers of able and efficient persons who want work but can find none.

The essential causes of unemployment therefore are to be found in the fluctuations of industry itself. Under the operation of supply and demand there is at any time a given volume of work to be done. This fluctuates up and down in some industries according to the casual conditions peculiar to it. Thus in the shipping industry the volume of work fluctuates violently, making employment necessarily casual. In other industries the fluctua-

tions cover a longer period of time, being determined fundamentally by seasonal changes. These would include every branch of the clothing industry, lumbering, fruit, vegetable, fish and oyster canning, and to some extent railroading. Then there are the great cyclical changes which periodically depress industry throughout the western world to very low levels. These latter seem to recur with a remarkable regularity, which arouses the suspicion that they must be closely related to the processes of growth in industrial life.

With reference to casual trades, such as dock laboring, the best solution would seem to be to perfect the organization of the industry so as to reduce to a minimum the necessary fluctuations in the volume of employment. Then there might be developed a body of employees who are regularly employed and given daily preference. The object of this would be to gradually eliminate from the industry those workers who have become chronic casual laborers and to replace them by a higher grade of men requiring regular employment. Such an industry would in any case require a "reserve of labor" for which provision should be made by means of special rates of pay or an insurance system. With reference to seasonal trades it would seem that an analysis of them would make it possible to dovetail them together in such manner as to reduce greatly the dislocation of workers. Moreover, a lessening of the dependence of industry upon rapidly changing styles, which an intelligent comprehension of this problem should bring about, would in itself alleviate the violence of seasonal fluctuations.

The causes assigned for the periodic breakdowns of

the industrial system are numerous. They include following:

1. Fall in prices;
2. Influence of machinery;
3. Speculative railroad building;
4. Misdirection of productive energy;
5. General over-production;
6. Lack of industrial organization;
7. Competition theory.

It is evident that several of these causes are closely related. Speculation, misdirection of productive energy, over-production in certain lines, and the lack of industrial organization are all connected with the competitive system of industry. Where a great many employers are competing with each other for possession of the same market; and where no one of these employers knows either how much the market will absorb or how much his competitors are producing, it is evident that there is bound to be sooner or later some maladjustment of demand and supply. As has been abundantly shown by students of the trust problem the centralization of industrial control has the effect of steadying the conditions of the organized industry. Large sums of capital are now riotously invested where there is little promise of success but unwise control speculation can be kept within bounds. The adjustment of the quantity of goods produced to actual market demand for such goods is made more perfect by the centralization of industrial control. The competitive system means the absence of such rational control and hence it means periodically speculation wild, many unsound investments, over-expansion of

way, building, mechanical, or other equipment, and the failure of an increasing number of undertakings to produce necessary returns on capital investments.

At such a time credit will have been stretched to the breaking point, banking loans will have exceeded in many cases the legal limits. Consequently at the first sign of distress confidence disappears and every banking and business firm runs for cover. The drying up of credit at the very time when an expansion of credit is needed carries into bankruptcy many firms which have been governed by business sanity and which ordinarily would have had every prospect of financial and industrial stability. Thus banking and credit collapse is followed by industrial depression. After some months or years of reorganization business again painfully climbs towards another maximum.

It would seem that there is only one possible remedy for these great periodic breakdowns of the industrial machine, and that is extensive coördination and centralized organization. It is not necessary to this end that industry shall be brought under state control though the organization of the socialist state might seem to be the most direct mode of attack. But the solution will require for industry as a whole the working out of some system of coördinated control together with an elaborate system of statistical indexes whereby the pulse of industry can be accurately determined. The reorganization of the American banking system will doubtless have a great influence in checking the collapse of credit. But it does not seem at all probable that this will prevent periodic depressions of industry itself. An extensive devel-

opment of monopoly which has been so characteristic of our recent past would seem to be a step in the direction of that industrial organization essential to the control and regularization of industrial life. Of course, it might by some be argued that the great advantages of the individualistic system of industry make it possible to endure these periodic breakdowns and still have an industrial system superior to a centrally organized one in which competition was generally repressed. In other words, some might argue that unemployment due to periodic depression of industry is a necessary evil connected with a larger good. But it seems clear to the writer that if such unemployment is to be eradicated we must have either a great extension of private monopoly under government regulation or the socialization of industry itself.

Meanwhile it behooves us in the United States to make every possible effort to reduce the extent of unemployment and its evil effects as much as possible. The need for an extensive system of labor exchanges with a thoroughgoing organization reaching every locality from Maine to California seems evident. Through public initiative, efforts should be made to dovetail seasonal employments. These should then be supplemented by opportunities for public employment on necessary public works in such manner that labor may move easily from private to public employment. The movement for the construction of public highways in the United States would seem to furnish work of a sort which can be carried on with varying degrees of extensiveness to be determined by the condition of the labor market. The construction of a national highway, for example, could be

ried out through a series of years with numbers of  
orkers varying from a few hundred to many thousands  
pending upon the general condition of industry.  
en there is the movement for a citizen soldiery. It  
uld seem possible to work out a scheme whereby dur-  
g periods of industrial depression the unemployed could  
afforded an opportunity for military training. This  
ould have the inestimable advantage of maintaining  
eir physical strength and stamina and preventing the  
s of intellectual vigor and moral courage which re-  
lts in financial demoralization of so many unemployed.  
o these plans might be added an extensive scheme of  
mpulsory insurance against unemployment patterned  
er the English model and adapted to American condi-  
ns. The active discussion of the problem at the present  
ie and the wide-spread activity of local agencies ought  
result in the development of that sense of social re-  
nsibility which will place the problem of unemploy-  
nt in the United States on an entirely new basis.





UNEMPLOYMENT AND INDUSTRIAL  
JUSTICE

By

L. A. HALBERT

GENERAL SUPERINTENDENT  
BOARD OF PUBLIC WELFARE  
KANSAS CITY, MISSOURI



## CHAPTER III

### UNEMPLOYMENT AND INDUSTRIAL JUSTICE

**U**NEMPLOYMENT is one of several causes of poverty and certain principles apply to the removal of them all. In a general way, one may say that the burden of poverty must be fixed upon industry and not indirectly by charity but directly by placing the burden at the exact spot where the remedy should be forthcoming. Some action along this line is urgent.

Probably Robert Hunter's estimate, made some ten years ago, that there were ten million people chronically in a state of poverty in the United States, should now be raised to at least fifteen million, in view of the general growth of the population and of the increased cost of living without a corresponding increase in wages.

Prof. Scott Nearing's book on wages says that "it appears that one-half of the adult males of the United States are earning less than \$500 per year." If we accept the estimate given in Prof. Henderson's book on Social Insurance, that the head of the family must be depended on to supply 75 per cent. of the family income, then we must conclude that the majority of the families have less than \$666 per year income, and neither Prof. Chapin nor any other student of the standard of living, among American families, advocates that this is sufficient for a decent

standard of living. If this is true, then the majority of the people in the United States have less than a decent standard of living, and I believe this is true.

It can be shown that even at the present rate of production in the United States, enough is produced to provide a decent standard of living for the ordinary people and still leave a margin to pay large incomes to the leaders of commerce and industry. But it is still easier to show that if unemployment and inefficiency were eliminated, a vastly greater benefit could be bestowed upon the mass of workers than could be secured by any mere readjustment of incomes. I wish to cite a few facts to indicate that it is necessary to take some action to remedy these evil conditions.

John Spargo has said in a recent book that in the well-to-do class, the death rate is ten per 1000, while among the best paid workers, it is fifteen, and among the lowest paid workers, it is thirty-five per 1000. Lester F. Ward, in his book on "Applied Sociology," page 322, says "reliable statistics show that while the average longevity of the rich is from 55 to 56 years, that of the poor is only 28 years." These statistics show that poverty shortens people's lives; in other words, it kills them by inches.

The abject condition of so many laborers is causing a great deal of bitterness. The number of murders that have been committed in connection with disputes between labor and capital runs up into the hundreds. It is fresh in everybody's mind that 21 people were blown into eternity by the Los Angeles *Times'* explosion, which is charged to labor, and that only a few years ago, 40 were killed in an explosion at the depot at Victor, Colorado,

which was charged to capitalists. The National Erectors Association says that 51 different jobs have been dynamited while they were being carried on by its members. One needs only to mention the strife in the Colorado coal fields and the copper mines of Calumet, Michigan, to call up a series of horrors.

If these only represented occasional outbursts of passion, we might not see so much danger in them, but we hear reasonably well educated American young men telling their fellow workers on the street corners that they have no country and the laws of this country were not made for them nor in their interests and they are under no obligation to obey them. They should not do military service to maintain them, or enthuse over the flag that stands as their symbol. They should have no fear of jails or workhouses but should fill them gladly until such time as the capitalists get tired of supporting them in jail and turn them out. Their attitude toward industry is briefly this: "Find out what your boss wants you to do and do the opposite. Sign any contracts that promise well but remember they are forced upon you by threats of hunger and are not morally binding." "You are bound only by the ethics of war, and your one object should be the destruction of the present industrial system, which is oppressive and unjust." Such people cannot be productive workers.

On the other side, we find capitalists who recognize no obligation to obey the laws because they are laws, but keep in their employ men to teach them how to skillfully avoid the law and elect public officials with the deliberate intention to nullify the law and have no more respect

for the flag than the workers I have just described. Social welfare will not flow from their activities as if by accident.

It is not possible for industry to proceed while this strife prevails nor to do away with this strife and still continue the poverty which we now have. This strife cannot be eliminated by either starving one side into submission nor blowing up the other with dynamite, but it is a matter to be settled by the establishment of social and economic justice. It is not sufficient to preach against lawlessness and feed the poor with philanthropy. New methods and new standards must be applied in the industrial world.

Now let us look at the problem in its simplest elements. The natural resources are here. The rules under which they are appropriated, modified and distributed are an outgrowth of the experience of men in working at the problem for hundreds of years. Our machinery has developed and changed from savagery to civilization and production has been carried on under the various forms of tribal communism, slavery, feudalism, and capitalism. I mention this partly to remind you that capitalism is not fixed and immutable, that it did not exist from the foundation of the world, but it is entirely subject to change, and I wish partly to remind you that along with its defects, the present industrial system incorporates the net results of man's experience up to date. We cannot allow the capitalist to forget that his status is described and established by law, and his power is so dependent on the supporting hand of government that his property rights would not last fifteen minutes except for the force of a

government that guarantees them. If in the last analysis, the common people would not fight for his rights, he would not have any at all. The government that made him can unmake him if justice and expediency so decree. On the other hand, I would say that the reckless iconoclast must learn that government as it exists incorporates many hardly won victories and that to change it is a legitimate hope, but to destroy it may mean to substitute for our present order with its too limited benefits a condition of no order at all and no benefits. The industrial organization of society is a product of experience too valuable to destroy, which may properly be captured or controlled by orderly measures if they are designed and promoted in the interest of justice.

Certain inherent features in the present system promote unemployment. The combination of capital into large units and the concentration of production into great factories undoubtedly makes for economy in labor, but, under the present system, it also makes for unemployment. A few years ago, the *Northwestern Miller*, which is the largest newspaper representing the milling interests in the United States, estimated that if all the mills in the United States operated at their full capacity for 144 days, they would grind as much flour as is consumed in the United States in a year, and if they operated for 157 days, they would grind all the wheat produced in the United States in a year, exclusive of seed wheat, but the output that would be represented by these thirteen extra days is really only equal to the amount of wheat exported from the United States in a year without being ground. I have heard a similar estimate stating that if




all the saw mills of the United States were to run full force for one-third of the year, they would saw up as much lumber as is consumed in a year in the United States. These figures show the wastefulness of the competitive system. Although combinations have been formed in these industries, they have not dared to eliminate the waste because of the social consequences, or else they have not had time to make the necessary adjustments. The wastes that still exist in the retail business of the country are enormous. It would be very foolish to undertake to revive the competitive system with all its wastes even if it were possible. The benefit of combination lies in the fact that it eliminates the waste. But the elimination of this unnecessary labor means so much more unemployment.

What inducement can we offer the capitalist to enlarge his business and utilize the labor of unemployed men? How long can the incentive of private gain be utilized to this end? Evidently when the capitalist has established monopoly in his line, any further gain in wealth and power is impossible and his business is reduced to the mere process of producing and consuming goods. In the last analysis, the only reward that can be offered the capitalist is a good, luxurious living and security in that prospect. Of course, the capitalist for the present can still gather in some of the unconcentrated wealth of this country and he may send some of his goods to foreign countries to be exchanged there for control over the capital of those countries, but capitalism already exists in almost all parts of the world and the incentive for our leaders to bear the responsibility of conducting foreign

industry is bound to break down some time. The incentive for our capitalists to keep the wheels of industry going round seems to be supplied at the present and seems likely to be supplied for some time in the future by the development of the foreign markets. There is a tendency for the capitalist system of the United States to arrive at the same situation as existed under the feudal system, where certain landlords who possessed great estates were indifferent as to whether they had them tilled, excepting to cultivate enough land to furnish them with their own good living, and many people went hungry while these estates lay idle. Just so now, with the part-time operation of our great industries, there is a growing problem of unemployment in this country and it will be intensified by the further concentration of industry and the further introduction of labor-saving machinery. In the long run, somebody will have to make the wheels of our industrial machinery go round for the mere primary object of supporting the people.

The final possession desired by the capitalist is power to control industry. Herein lies his personal security. If producing more goods will increase the power of the capitalist he will produce more; if not, he will not produce more, no matter how many people need the products, or how many are out of employment.

The only adequate motive for producing goods sufficient for the needs of society is to give the power to the people who have the needs and give the goods to the people who make them. Then they will work. If the incentive of both the leader of industry and worker in the ranks is to be preserved, we must inevitably adopt a



coöperative system of industry. Private capital is especially adapted to the day of individual production. Logically, when the operation of industry became collective in form, the ownership should also have become collective. The natural incentive to industry can only come out of a coöperative form of industry and this is undoubtedly the goal toward which industrial evolution is tending.

All the arguments in favor of the capitalist system on the ground that it produces incentive for the leaders in industry are destroyed when monopoly is attained and they are all arguments of equal force against the wages system because of its destroying the incentive for the rank and file of the people who constitute the private soldiers of the industrial army. The wages system is as bad for the worker as the profit system may be good for the employer. The reward of wages, often small wages, is failing as an incentive in industry and the people who have no stake to lose, if the efficiency of a business declines, are becoming more and more indifferent in regard to the success of the industries in which they work. At least, many employers assert that they are. This is only the natural result which one would expect to evolve from the wages system. You cannot have efficiency without incentive. Employers who are beginning to see this are substituting for fixed wages the piece-work system, or establishing percentages, or bonuses or rewards based on the amount of work done. The only sensible thing is to utilize the natural incentive that can be supplied by profit sharing or coöperative industry. If this is neglected, an appeal to force can only result in bitterness and violence. It can never furnish the needed incentive to industry.

Complaint has been made that labor unions are insatiable in their demands and the more they get, the more they want, and that if they had the power, they would raise wages so high as to bankrupt the industry that employed them. Whenever employers are willing to show either to the representatives of union labor or to an impartial arbitration board just what the profits of their business are, and can prove that the unions are asking for something out of the business that they are not producing within the business, then they will have the sufficient and effective answer to such demands. When they offer to their employees a chance to have more if they will assist in producing more and offer to cause the profits of the business to be distributed in accordance with the actual services performed by the various parties to the operation, then they will be offering them an adequate incentive to better industry and to loyalty. So long as they insist on covering up their financial operations, they will be justly open to the suspicion that they have something that does not belong to them. Just what part is played in production by each party thereto is a matter of scientific accounting and all the parties to production are entitled to full knowledge of the data on which any award is made. This means absolute publicity of accounts. If justice is intended, then publicity in accounts is needed. If "scientific management" is pretended by any business concern, then "scientific" rewards to all concerned must be a part of the scheme.

#### HARNESSING THE PRESENT SYSTEM

I believe that it is entirely possible to subject our

present industrial system to such control as to produce better social standards in industry and still not disturb its present organization or leadership, or make any important break in its continuity, or sacrifice any of the skill and experience now exercised and still needed in its direction. It is possible by wise use of the political and economic power of the people to enact the essentials of co-operative democratic industry and to do this by simply forcing social standards on the already existing industrial machinery. While this may not be ideal, it is undoubtedly the most practical policy for the immediate present.

Complete public control is identical with public ownership. The captains of industry who are in charge today are the officials of the industrial state and the supposition is that they have won their positions by competition and hold them on the merit system. Rotation in office is not an essential of democracy. In fact, it is a weakness, if skill and efficiency are desired in public places. All we ask of these officials of the industrial state is simply that they should conduct their offices in accordance with the welfare of the people. We will saddle on them the burden of providing a good living for the people and make the bearing of the burden a condition of their continuation in office. In other words, a business will be required in the future to provide social insurance against every exigency that may befall its workers, including unemployment, and will be required to establish a profit-sharing device wherein employer and employee will work together for the common purpose of making the business prosper. Somewhere in the process

of evolution, the business which cannot stand these tests or does not meet them will be eliminated by failure. Political power will be utilized to fasten social standards upon industry by social legislation. Economic pressure for better wages and better conditions will be brought to bear through organized labor and it may be through organized patronage, for some time buyers may realize that their purchasing power can be so manipulated that they will exercise more real power when they pay their bills than when they cast their ballots on election day.

When control has proceeded to a certain point and the leader in business sees the public sharing fully with him the benefits of his business, he is likely to arrive at a state of mind where he will not only be willing but anxious to have the public share the responsibility of his business as well. When this comes to pass, the new co-operative basis of industry will have become a reality. In the progress of evolution in this direction lies the hope of the common people and the business man has absolutely nothing to fear. Why should he not welcome social insurance, organized labor, organized patronage and government regulation? It standardizes and measures the elements of risk in his business and makes for peace and continuity in industry. It reduces the whole process to a scientific basis. As a rule, it will furnish the leader of industry comfort and luxury while he works and a proportionate annuity when he is old. What more can he ask? He will be more secure and more honored than the capitalist with a billion dollars.

Already some progress toward regulation has been made. There are a set of laws compelling those in

charge of the business to have due regard for the health of their customers and employees and the scope of these has been enormously enlarged in recent years. In this class of legislation may be mentioned child labor laws, eight hour laws, safety acts for mine and factories, tenement house laws, pure food laws, etc., etc., all of which are in the interest of health. These are important but they are all aimed at sickness and do not aim directly at poverty. Laws that affect the distribution of wealth have a hard time getting by the courts. Among laws having this purpose may be mentioned laws to fix rates on railroads and other public service corporations. Nothing has been done to fix rents, prices, or wages by law, except the infinitesimal start made by the establishing of a few minimum wage boards.

Let us now consider the devices for fixing the burden of the unemployed on society.

Unemployment may be reduced,

- I. By reducing the supply of labor in the following ways:
  - a. By the restriction of immigration of foreign laborers.
  - b. By further restricting child labor.
  - c. By restricting women's work.
  - d. By restricting the hours of labor to eight hours or less for everybody.
  - e. By enforcing the strict observance of a six-day week.
  - f. By prevention of all contract prison labor.
  - g. By strict regulation of the process of speeding and pace making in factories.

The opposite policy in any of these lines of action may be classed as a cause of unemployment.

To these causes of unemployment should be added:

- (a). The introduction of labor-saving machinery.
- (b). The seasonal character of certain industries.
- (c). The lack of that training and versatility on the part of the workers which will enable them to turn readily from one occupation to any other.

Unemployment may also be reduced.

2. By better adapting the supply of labor to the demands of industry:

- (a). By employment bureaus which contract to furnish a more swift, certain and suitable supply of labor to the industries which might be inclined to utilize labor, thus making labor more available and eliminating from industry the risk of being unable to secure labor of the right quality and quantity.
- (b). By so modifying the capacities of the laborers through industrial education and vocational guidance as to make them more serviceable to the industries who might utilize them.
- (c). By giving attention to certain moral qualities in the workers themselves which make them useful in industry. Intemperance, shiftlessness, dishonesty, irregularity in attendance on work, etc., are factors of real importance in determining the availability of a given labor supply. Casual industries are themselves an extreme menace to character and any unjustly conducted industry is ruinous to the charac-



ter of its employees. Unemployment is undoubtedly aggravated a great deal by the lack of a high moral plane for conduct on the part of both employers and employees.

Unemployment may also be reduced,

3. By stimulating greater activity in organizing and conducting industries which employ labor. This can be done either by penalizing through some form of unemployment insurance those private industries which, by their fluctuating character, cause the greatest risks of unemployment, or by giving bounties or subsidies in some form to private industries so as to induce their organization or operation. Samples of this kind of thing are furnished in the bonds that are voted by various communities to railroad companies who wish to build, and ship subsidies offered by the government. Besides these measures for affecting private industries, the various units of government may be stimulated to undertake public works through the motive of relieving the suffering of unemployed people.

In elaborating and applying these various remedies for unemployment, their effect will depend much on the methods used in applying them.

#### A CHAIN OF PUBLIC EMPLOYMENT BUREAUS

If employment bureaus are to be a thorough-going and highly effective remedy for unemployment, it is necessary that we should have a complete chain of employment bureaus throughout the nation. It was estimated by the New York Industrial Commission in 1911, there were sixty public free employment bureaus in the United

States and they secured a total of over 300,000 jobs in a year. The number has perhaps increased since that time so that we may estimate that various public employment bureaus secure 500,000 jobs per year at the present time, but a bulletin on the statistics of unemployment and the work of employment offices, issued by the National Government, Oct. 15, 1912, shows that the various tests which they applied to groups of workers in the United States indicated from 10 to 50 per cent. of the laborers in different parts of the United States were unemployed part of the time during the year.

Perhaps there were 25 per cent. of all the people engaged in gainful occupations in the United States who suffered from involuntary unemployment at sometime during the year. If there are forty million people in the United States engaged in gainful occupations and 25 per cent. of them are in the state of involuntary unemployment during a part of the year, then there must be ten million unemployed people in the course of the year who should be furnished jobs, while the total number of jobs secured by public employment agencies is only half of one million. In other words, only one-twentieth of the unemployed people could be served in the course of a year by our free employment bureaus.

When you consider that various unemployed people get several jobs through the employment bureaus in the course of the year, and that the other people not served by the employment bureau need more than one job apiece to keep them at steady occupation, it is easy to see that less than 5 per cent. of the unemployment in the country is touched in any way by our employment bureaus.

From all this it can easily be seen that the number of employment bureaus must be greatly increased and the volume of business done by those already in existence must also be increased until we have a complete system of employment agencies throughout the nation.

Employment bureaus offer no way to control effectively the evil of unemployment until they can secure control of enough of the total opportunities to work, and direct the movements of all those seeking employment to such an extent that they may be said to control the labor market of their community or of the country. They may perhaps be extended to something like these proportions by the methods already used to build up such employment agencies as we now have, but their ability to get control of the labor market would be considerably increased if they could become the agencies for administering some form of unemployment insurance. One of the principles which it is necessary for public employment agencies to observe is that of strict neutrality in cases of labor disputes and full publicity in regard to the existence of all labor strikes or other labor troubles in any proposed place of employment.

#### PRIVATE EMPLOYMENT AGENCIES

Having discussed public employment bureaus, I wish to call attention to some facts in regard to private employment agencies. Mr. Walter Sears, formerly superintendent of the Boston Public Free Employment Bureau, reported at the Chicago conference in 1913 that when his agency began to operate, some six years ago, there were 135 private employment bureaus in Boston, and since

that time the number has been reduced to ninety. Kansas City has forty-nine employment bureaus, public and private, and nineteen of these are free employment agencies, one being conducted by the State and another by the city; several by philanthropic agencies; and some by business colleges and typewriter agencies, which make no charge for their services. These free employment agencies get about two-thirds of all the jobs which are secured through employment agencies. All of the agencies of Kansas City get a total of over 99,000 jobs per year. The private employment agencies therefore get about 33,000 jobs. As far as I know, there are no available statistics which show the extent of the operations of private employment bureaus throughout the country, but their numbers far exceed that of public employment agencies. They seem to be most useful in handling the higher priced positions. They do not seem likely to have any very important effect in reducing unemployment. The most fundamental weakness in connection with them is the fact that those most in need of employment are least able to pay the fees demanded by private agencies. Besides this, they are subject to the following abuses:

1. Collusion between employment agencies and labor foremen to keep the labor force shifting and thereby increase the number of fees collected for jobs; the foreman who does the hiring and the agency sometimes splitting the fees.

2. The placing of people already employed in new positions of the same or possibly better grade so as to fill two or three positions by the shifting process; some agencies even going so far as to undermine employees and offer

new ones of supposed superior quality, all for the sake of fees. This process works injustice, especially where the agency charges a per cent. on the annual salary of those placed, whether they hold their positions permanently or not.

3. The charging of excessive fees to people because of their financial distress or necessities.

4. Misrepresentation in regard to the qualifications of applicants and of the character of positions, especially as to the permanency of positions, sometimes excusing themselves by saying that they cannot get men to go at all to jobs that last only two or three days, and so tell them the job is permanent.

Private employment agencies therefore need to be supervised by the public authorities and in Missouri, Wisconsin, Indiana and perhaps other states, private employment agencies are supervised by the labor department. Mr. Duffin, superintendent of the public free employment agency in Terre Haute, Indiana, reported at the Conference on Unemployment in Chicago, in 1913, that the private employment agencies of Indiana have to make monthly reports giving in detail the number of people for whom they secured employment and the names of all the firms who gave them employment, together with the numbers to which each firm gave employment. If they find a certain agency furnishes most of the laborers for a given firm, and that they furnish a considerable number month after month to that firm, then they inquire to see if there is not collusion between the foreman employing men for that firm and the labor agency which furnishes the men. If they find that there is, the license of the employment

agency is revoked. Mr. Duffin further reported that since he had been operating the public free employment bureau in Terre Haute, all the private agencies had been driven out of business. There seemed to be a general feeling that if private agencies were effectively regulated to prevent the abuses mentioned above, and were compelled to compete with free public employment agencies, they could not long continue to exist.

### UNEMPLOYMENT INSURANCE

The theory of unemployment insurance is very attractive but it represents a line of reform which is very difficult to apply. I wish to make the following general observations:

Full indemnity for losses which occur through unemployment is impossible. Unemployment benefits can only be paid out of the surplus which is produced in times of employment. If there is no such surplus, there can be no indemnity. So far as unemployment insurance has been applied, it has only affected a comparatively few skilled workers and has been universally connected with organized labor. It has never reached the mass of destitute unemployed in any country.

Funds for supplying out-of-work benefits are raised among some unions in the United States by assessments on the members. Funds of this kind are supplemented by public subsidies in a few places in Europe. Voluntary unemployment insurance by organized workers might be encouraged in this country by a supplemental subsidy from the Government, or the Government might possibly offer to all patrons of public employment agencies cer-

tain additional out-of-work benefits, provided these patrons of the public employment agencies deposited assessments with the bureau as an insurance against unemployment, and all employers might be taxed a certain amount to go into a general unemployment fund, which tax could be in proportion to the number of employees belonging to that firm, and also the rate might be based partly on the risks of unemployment which were involved in the industry. This would supply some incentive to the industries to try to wipe out the rush seasons and other fluctuating elements in their various businesses and in that way tend to reduce unemployment.

A certain advantage might also be offered to all employers who would guarantee to secure all their help through the public employment agency. This would then enable the public employment agency to place the unemployed whom they were attempting to insure against unemployment. Of course, those who were insured against unemployment should be required to ask for work at a stated time each day at the public employment agency before they could be entitled to any benefits from the insurance fund, and if commercial employment could be furnished them, then the obligation to furnish them other work would disappear. If employers could have their assessments for unemployment insurance reduced by agreeing to get all their employees from the public employment bureau, and if workingmen could only secure the benefits of unemployment insurance by seeking their employment through the channels of the public employment agency, these would be powerful factors in enabling the public employment agency to organize and control

the labor market. By thus getting control of the labor market, they could measure accurately the volume of unemployment and furnish the data on which further action to provide for the unemployed could be based.

#### EMPLOYMENT ON PUBLIC WORK

Unemployed labor is an absolute waste to society and the State should regard it as against public policy to support people in idleness and should rather utilize the labor of the unemployed even though it is not quite productive enough to be entirely self-supporting. The payment of out-of-work benefits is no cure for unemployment. It simply recognizes and perpetuates unemployment. This not only wastes human resources but very much unemployment tends to the deterioration of the unemployed so that they may eventually become unemployable. Instead of paying "out-of-work benefits" in cash, the State could truly conserve our human resources by using the funds collected for unemployment insurance to establish industries which would utilize the labor of these men to some purpose, even if the industries were not commercially profitable and had actually to be subsidized to a degree. By this plan the State would make the funds raised to insure people employment actually insure them employment, but never insure them support in idleness, and it would also make the insurance funds go a long way and not make unemployment insurance seem a great burden on industry. This would supply a certain protection against destitution to any man who would work but the State would not guarantee any man work at his trade or at his accustomed wages. This might seem to some to



be a meager protection after all but it would at least be a step and would protect the able-bodied worker from the necessity for charity and the public from any demand for charity from them. This plan is morally and economically sound.

If skilled and organized laborers wished to have a voluntary form of insurance which would furnish them out-of-work benefits without compelling them to engage in some crude labor outside of their trades, that arrangement might be accepted and moderately subsidized in lieu of any insurance guaranteeing crude labor in industries promoted by the State and the State could establish this form of insurance for those who did not carry the other form of unemployment insurance.

I have referred already to the possibility of bringing some pressure to bear on our industrial system so as to cause it to make such readjustments as would tend to reduce the risks of unemployment. Besides offering to reduce the rate of unemployment tax to those who would reduce the risks of unemployment in their industries, the State might, instead of starting new businesses to utilize the labor of unemployment, subsidize certain existing businesses out of the insurance funds so as to allow them to pay living wages and operate with the usual number of employees when they might have closed if it were not for the subsidy. By both these methods, employers could be put under some pressure to link up more seasonal occupations such as coal and ice businesses, and give their workers employment summer and winter. Such adjustments would tend to put on the business heads of the nation the task of reducing unemployment, and they are

the people most able to solve the problem if we can offer them an incentive to do so.

#### COMPULSORY UNEMPLOYMENT INSURANCE

Perhaps, compulsory unemployment insurance for casual laborers is impossible but if the opportunity for unemployment insurance was universal to casual laborers, it would create a rather strong moral presumption against the man who refused to take advantage of it, and a certain stigma, such as belongs to vagrants, would tend to attach to him and people who did not carry cards which indicated their standing in this regard, would be at a disadvantage in getting employment both from employers and from employment bureaus, and if they were charged with vagrancy, or with any form of misdemeanor, the fact that they made no effort to insure themselves employment would also operate against them. Those who would not avail themselves of unemployment insurance would be entitled to suffer some such disadvantages. Certain fixed fees or assessments could be collected from them without any effort being made to have those fees based on the amount of their earnings and then there would be no need of trying to keep track of their earnings. If these men moved about from place to place over the country, they could have their standing transferred from the bureau where they were last registered to the bureau in their new location, if we had a national chain of employment bureaus.

I would like to say a few words about the advisability of trying to bring some pressure upon casual laborers to practically compel them to fall in with such a system as

this. As I stood watching the hundreds of men who applied for free meals and lodgings at the municipal lodging house of Chicago during the winter of 1913, I noted that very many of these men were able-bodied and intelligent young Americans and I inquired from the officers of the municipal lodging house whether many of these men had dependents to support or whether most of them were unattached single men, and they give it as their impression that the large majority of them were unattached single men. My own observation, and the records in connection with our free lodgings and our employment bureau in Kansas City, indicate that a large majority of the casual laborers are single unattached men. Out of 2008 unemployed men of the casual labor class who were personally interviewed in February, 1911, by an investigator of the Board of Public Welfare, it appeared that 11.30 per cent. were married men having families, in the old country, and only 2.8 per cent. of the total number of unemployed men interviewed had families in this country to be supported. It is a well known fact to all workers who deal with this class of men that they periodically drift into the city with anywhere from \$25 to \$200 in their pockets, which they blow in for liquor and other forms of dissipation and return to work only when their funds are exhausted. Crude camp life with none of the refining influences of home, and the saloons and cheap lodging houses of the city, are responsible for many of the failings of these men, but these are the men who constitute the really pressing problem of unemployment in the cities and I have only adduced these general observations about them to prove that it would not work any

undue hardships upon them to place as much pressure as possible upon them to devote some of their earnings to making a provision for seasons of unemployment.

#### LABOR COLONIES

Until we reach a comparatively ideal state of society, any complete scheme for dealing with unemployment needs some machinery for dealing with the backward and incompetent people who are really incapable of full self-support, especially under competitive conditions, and the other class of people who are criminally lazy or really unwilling to work, although this last class is comparatively small. For the incompetent and defective classes, there should be voluntary labor colonies, or colonies with only a mild degree of restraint and supervision, and for the last class of vagrants, or criminally lazy people, there should be compulsory labor colonies. This is not the place to elaborate upon the methods and uses of labor colonies but I have merely mentioned them to complete the outline of a set of measures for dealing with unemployment.

#### REFORM BY SUBSTITUTION

Social legislation is largely confined to restrictive measures. Because of the difficulties encountered in enforcing all sorts of social legislation, some are advocating "reform by substitution." This would mean that the Government should fix a standard of wages by establishing industries to employ surplus labor at a certain minimum standard so that all employers would be forced to pay that standard if they wished to get any laborers, or

it might mean to establish the sale of certain products at such a standard low price that all enterprises would be forced to meet the Government's competition by establishing a like standard for themselves. This would be a form of control that it would not require any inspectors to enforce. In public utilities where a natural monopoly prevails, there is undoubtedly an increasing tendency toward Government ownership as furnishing the most practical means of control and the fact of the increasing functions of the Government in the direction of agricultural bureaus, postal savings banks, etc., etc., is too well known to require more than passing mention. The Panama Canal project is a sample of a governmentally owned enterprise. When the development of vast new enterprises such as railroads or irrigation schemes was contemplated, large government grants have been made in the past and in the future the Government may find it practical to promote these itself. The public ownership of one kind after another is likely to grow up side by side with the increasing control over private industry, and the Government may be forced to engage in promoting certain business ventures where there is a pressing social need that is not being met by the investment of private capital. This tendency is illustrated in the municipal housing projects of European cities.

#### CONTROL THROUGH ECONOMIC FORCES

Industry must be controlled by the appeal to incentive and men must be led on by rewards rather than driven by fear. The economic appeal is the one to govern industry. It must be brought to bear by organizing the

economic forces within industry. In these days of concentrated control in industry, the question naturally arises: "How is the property incentive that has been applied so naturally in the days of individual production to be supplied in this day of collective production?" The incentive of the leader in industry must be the same as the incentive of the presidents and governors in the political state, the teachers in our educational institutions, or the minister in the church or the social worker in any field. The work of the industrial leader will have to become a profession and the ethics of that profession will inevitably be a matter of growth.

Industry cannot be governed by a political state such as we have to-day. If industry were owned by the State, the regulation of prices could not be done by the Legislature nor labor be controlled by police regulation. The legislation for the industrial state must a good deal of it be done by commercial bodies and industrial councils. Police power should be used to guarantee any industrial arrangement democratically worked out within industry itself. It should guarantee the awards of just industrial machinery, such as boards of arbitration, and should provide for the standards worked out by conferences and special industrial commissions made up of people concerned in the various industries and these should be binding with respect to those industries. Bureaus of labor should gather the data for the scientific determination of these standards.

The data for determining what are proper standards in industry could be gathered by accumulating and codifying the various articles of agreement in all the different

trades where collective bargaining has already been carried on; also, by investigating and classifying the conditions established in the best business concerns in each line. To force the worst employers or business concerns up to the standards commonly recognized within the industry would be entirely practical and would be a benefit both to the honorable business concerns and to the laborers. There would be natural agencies within business itself to enforce such laws. Employers must not only share their benefits, but their responsibilities with their employees, if they wish to accomplish any moral effects or change the attitude of the workers. The success of the employer in controlling industry is largely dependent on his ability to control labor. If the laborers in a plant were united in a desire to increase the output, they could doubtless do so in many instances without any extra physical strain on themselves. Also in some plants, they could probably greatly prevent waste and improve processes if they were anxious to do so.

The problem of the manufacturer is to offer them some inducement to do so. He cannot convince them of their moral obligation to do so merely to benefit him. He might possibly persuade them to do so to benefit the public if he could guarantee that the benefit went to the public, but the greatest incentive will be a scientifically determined proportion of the products of industry.

As the value of an army is increased by its proper organization and discipline, so the value of the force of workers in the great industry can be greatly augmented by perfect organization and discipline. But the value of an army depends even more on its spirit, its enthusiasm,

its military pride, its loyalty, etc. These are usually developed by an appeal to patriotism or to humanitarian impulses. They are due to some extent to a sense of devotion to their military leader, but usually then only in proportion as they conceive of him as a benefactor. Manufacturers pay for chemists to perfect their product and inventors to perfect their processes. They need sociologically expert labor leaders and organizers.

These would be the true captains of industry and they would organize their men with a view to getting work done. The labor leader of the present type is hateful to employers, because he organizes men not to get work done but to get wages, hours, conditions, etc., for the laborers. Labor organizations must be not merely negative but constructive.

Suppose now that a manufacturer gave his laborers a certain proportion of the total product and allowed them to organize their men to get work done, what would be the economic and moral effect? The hours, conditions, scale of wages, etc., could all be regulated as the laborers pleased with the one purpose, to increase their own income as much as their welfare permitted. Internal discipline might be made automatic. Every worker would want to see that the other fellow did his share. There would be a natural incentive to save time and waste. The task of the organizer would be to get a permanent set of experienced men. He must extend the principle of responsibility and the sense of responsibility.

Permanence of employment gives technical skill, good understanding, good spirit, and has a thousand valuable social and moral effects. Coupled with the merit sys-



tem should be rules regulating the discharge of men in the order of their employment or by some fixed rule. Fatigue and overwork break down character, destroy discipline and are economically wasteful for the employer.

Conflict is waste and as combination with other business concerns avoids this and is economical, so combination with labor is economical. Capitalists should combine with laborers. The tendency for capital to combine with labor has already been manifested in various places in the industrial world, and actual cases have arisen wherein these two forces have agreed together to exploit the public. As this process grows, the offset to it must be organized consumers. Here is where the coöperative movement comes in.

Referring to English coöperative societies, the report on "Coöperation and Cost of Living in Certain Foreign Countries," compiled at the direction of President Taft, says, "When it is realized that the total membership of coöperative societies in the United Kingdom is 2,661,799, and further when it is estimated that this membership represents a total population of 10,000,000, practically a quarter of the total population of the country, it will be seen that the coöperative movement is firmly established and cannot now be uprooted." The coöperative movement in England has been handicapped for lack of capital and has some times been injured in its growth because a small corporation of stockholders in a coöperative industry may manifest all the evil tendencies of any private corporation with a smaller number of stockholders. It seems to me that greater progress might be made in this country if consumers combine to force certain standards

on the industries that already exist instead of undertaking to build up a wholly new set of machinery for production and distribution. To organize the patronage of consumers is to systematize the retail business and eliminate the last great waste to the competitive system.

#### A NEW BASIS FOR INDUSTRIAL REFORMS

If we accept the proposition that coöperative industry democratically controlled is our future goal and that a slowly and carefully evolved social control through various progressive steps is the proper means to that end, measures based on that theory are likely to be successful. But if regulative measures are drawn with a view to preserving an imaginary state of free competition and a supposed freedom of contract, then those measures will fail, because effective regulation is incompatible with that ideal. If any man believes that privacy of accounts must be maintained, he would be very foolish to undertake to exercise just regulation over a business that he frankly admits that he should know nothing about. If a man believes that any corporation has a right to do as it pleases with its property in the sense that it is not bound to render any account of its stewardship to the public that makes it a steward, then he will be an entirely impractical person to devise or execute any regulative measures to control the industries of the nation. Policies based on these two different conceptions as to how industries should be organized will be vastly different in their form and quality. Any successful scheme of control must be based on the coöperative theory of society and leave the competitive features in the secondary place.

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Through the many varied agencies which I have mentioned in this paper, we are accomplishing industrial readjustment and paving the way for a new industrial system and better social order.

UNEMPLOYMENT AND OUR CIVIL SERVICE

By

RICHARD T. ELY

PROFESSOR, POLITICAL ECONOMY UNIVERSITY  
OF WISCONSIN



## CHAPTER IV

### UNEMPLOYMENT AND OUR CIVIL SERVICE

**I**T sounds like the crank to say that the Government is responsible for unemployment and that the Government could adopt measures which would very greatly relieve unemployment. Should I myself see this statement in the opening lines of an article, I would expect to find an argument for some panacea, of which the supply is so abundant and, indeed, superabundant. But I venture to take the position that a very considerable proportion of unemployment is traceable directly to sins of commission and to sins of omission on the part of our governments, local, state and national; and that a still greater amount of unemployment is traceable indirectly to these same governments. Now when I say government and governments I mean ourselves in our collective capacity, ourselves acting together to accomplish our various purposes, and thus acting as employers. And I want to say that we must change radically our habits as employers, in order to bring about an improved condition with respect to this very serious problem of employment and unemployment. I want to say also that having traveled widely in this world of ours, we Americans are the worst sinners as employers that I have found among civilized nations.

As employers we group our employees into two great classes, namely, military employees and civil servants.

The army and navy afford careers to officers and we give men properly trained opportunities such as other nations afford. When a man receives an appointment as an officer either in the army or in the navy, he receives a permanent opportunity to earn a livelihood. No longer does he incur danger of falling into the ranks of the unemployed, provided always he is fairly capable and does his duty fairly well. In other words, his employment is conditioned on good behavior, and on retirement at a prescribed age he receives a suitable pension. If he dies, his widow is also provided with a pension. We are on the same level with the rest of the world in this particular, and, indeed, perhaps on the whole somewhat ahead of the rest of the world; for example, notably ahead of England and Germany, where those who serve in the army and navy have generally speaking such inadequate salaries that some outside sources must defray part of the expenses of maintaining themselves and their families suitably. As it works out in these countries, and particularly in Germany, the officer generally marries a wife with a dowry, and indirectly through the dowry private industry must help maintain the army and navy. We, on the other hand, give salaries which enable a man to live as well as we insist that he should live, and also to marry at a suitable age and to support a family. But when we come to those who serve in the arts of peace, namely, our civil servants, we lag behind the rest of the world as employers. Instead of setting an example as good employers, we set an example as inconsiderate and, therefore, bad employers. As employers we lag so far behind the procession of civilization that we are, in my

opinion, one of the worst examples of how not to do things. We aggravate the situation with respect to unemployment, directly and indirectly, by increasing greatly the number of unemployed.

Let us see what our sins are. How do we employ our civil servants and how do we dismiss them from employment? In our earliest days when the traditions of an older civilization were strong and when men of the type of Washington exercised a dominant influence, our national civil service was fairly creditable to us. While we had not worked out definitely in accordance with fixed principles plans for the civil service, we nevertheless made few changes, except for cause. And a man had encouragement to devote himself to his task with the hope that excellence would receive the reward of continued employment. Conditions, however, gradually became worse, and we reached our lowest depths as employers in the first half of the nineteenth century when the maxim was boldly proclaimed "to the victor belongs the spoils." We all know precisely what this means. Office became the reward of partisan political activities, and the dominant party claimed as booty the offices in the civil service. Let us consider how this principle of appointment to office and dismissal from office which still largely obtains influences employment. This principle has never been applied without certain qualifications and limitations, and these qualifications and limitations have been increased greatly during the past two generations by civil service acts in city, state, and nation. If the principle should operate universally, it would mean that hundreds of thousands of men would lose appointment and would be




thrown into the ranks of unemployment when there is a change in party politics. Even as it is, it is probable that civil servants of all grades and of all our various governments whose tenure is uncertain and who may be thrown into the ranks of the unemployed may be numbered by the hundred thousand. But it will be asked, do we not have a balance here? Are not as many taken into employment as dismissed from employment? Let us consider this question.

The truth is we do not at all have a balance, but we have a condition that with respect to permanent employment operates badly for those that lose employment, as well as those who get employment. In both respects our civil service is a vicious social force.

Those who lose employment have not been working previously under influences calculated to bring out their best qualities and to make them eagerly sought by private employers. In so far as they have relied upon anything except merit to hold their positions, they have been directing their attention to politics and contributing their part to render successful some political machine. The qualities which they have developed under the influences of spoils politics have been from the economic point of view bad qualities. Our government positions have operated as forces, reducing economic efficiency and productivity. A whole flood of light is let in on the subject by the designation of positions in the civil service as jobs and plums. The number, however, of those who work with diligence in our civil service is astonishing. But even in these cases the knowledge that they have gained is frequently not available in private employment. There

is only one post-office employer in the United States. A man employed by the post-office might become extremely interested in postal arrangements all over the world, and acquire a great amount of skill useful to one to whom the post-office affords a career. But he would not be acquiring precisely that kind of knowledge and that personal development which would be most serviceable to a private employer. Too often there is no competitor with the Government for those who do well in its service. It is essential that the position of the Government as a quasi-monopolistic employer should be clearly recognized, of many sorts of services it is the only purchaser; for example, those of the judge. Again the man who loses his governmental position frequently loses it at a time when he is still strong and vigorous, but nevertheless so old as to make it difficult for him to secure a position elsewhere.

Now let us turn to those who receive the positions in the civil service that have been rendered vacant. How have they been seeking to gain office? Is it always by hard work which is calculated to train to their fullest development the talents of those who seek to gain a livelihood by service of the people in office? Once I asked a very bright and promising young man in one of my advanced classes why he did not give the next ten years of his life to learning all that he could about the governments of our cities in our own and in other countries, improving every opportunity to gain practical experience, as well as theoretical knowledge, in order ultimately to become mayor of a city. The only reply was a laugh on his part in which the class joined. The



way in which office is gained with us is not by methods which render men most highly efficient as economic producers; more frequently it is by politics which should be noble, but are frequently debasing. Those who receive office are often injured thereby, and society suffers a loss in addition to their personal loss. It is thus that we increase steadily through our methods both the unemployed and the unemployable.

It has already been recognized that we have had a very great improvement in our civil service, but as yet it is still very inferior. Dismissals still threaten the civil servant. He has little to stimulate him and bring out his best qualities. Employment has, generally speaking, as we see it in the great departments at Washington and elsewhere, little quickening influence. The salary is apt to be too high for the low-grade man and too low for the high-grade man, whom we would like to attract to office.

Conditions such as exist among us and are taken almost as a mere matter of course find frequent illustration. It was but a few years ago that thousands of employees in the Census Bureau at Washington were dismissed over night, as it were, and thrown into the ranks of the unemployed. Men and women, many of them far from their homes, lost their positions without warning on account of a change of policy. Conditions are also revealed by statements recently made by a governor elected to office in one of our greatest states. This governor is supposed to represent the better influences in public life, but one of the things which he proposed to do was "to purge the pay rolls," to employ a familiar expression. Those who were already in the service of the State were to be thrown

out suddenly and at a time of unemployment to increase the number of unemployed. Let us suppose the State to be actuated by the motives animating the best private employers and how different would be the tone of the governor in a case of this kind. He might say something like this: "It appears that there are more men employed to do the work of government than is really necessary and that the State is not receiving full return for its expenditures. This is a condition that is intolerable. I shall examine into the conditions of the civil service and shall endeavor to encourage every good man employed to put forth his best efforts. I shall encourage those who do well by public recognition and try to bring into the civil service a new spirit. Before dismissing any one from the service of the State at the present time of unemployment, I shall endeavor to find work for all of a kind which will give generous returns to the taxpayers for the salaries received. If it is still necessary to dismiss some employees of the State, I shall attempt to do so, in such a way as to do the least harm to them and the community as a whole."

Can any one say that I have painted the picture of existing conditions too darkly? I have known a whole family to rejoice when a promising son has escaped from the civil service into private employment, although he escaped from one of the very best branches of the civil service. I have known the relatives of a man of parts who has remained too long in the civil service to find private employment readily bewail the fact that a capable man had lost his better opportunities.

But are the numbers involved great enough to produce

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an appreciable influence upon the general economic situation, especially with respect to employment? The table following shows estimates of the number employed by our very various branches of government in 1900 and in 1910, and I am inclined to think that a good many must have escaped enumeration.

NUMBERS OF EMPLOYEES OF VARIOUS GOVERNMENTAL UNITS IN THE UNITED STATES, STATED IN THOUSANDS

	1900	1910
Teachers in public schools, all grades .....	434 <sup>1</sup>	544 <sup>2</sup>
Regular army .....	68 <sup>3</sup>	75 <sup>4</sup>
Regular navy and marines .....	23 <sup>5</sup>	57 <sup>6</sup>
Appointed federal civil servants; including		
Panama force .....	152 <sup>7</sup>	384 <sup>8</sup>
Firemen .....	15 <sup>9</sup>	36 <sup>10</sup>
Police, sheriffs, guards, etc. ....	120 <sup>11</sup>	164 <sup>10</sup>
Life saving and light house service .....	3 <sup>12</sup>	4 <sup>10</sup>
Laborers .....	48 <sup>12</sup>	67 <sup>10</sup>
State-local officials .....	50 <sup>9</sup>	59 <sup>10</sup>
State and local clerks, etc. ....	113 <sup>13</sup>	154 <sup>13</sup>
Miscellaneous and unclassified, including Uni. clerks, assessors, casual employees, etc. . .	40 <sup>14</sup>	50 <sup>14</sup>
	<hr/> 1,066	<hr/> 1,594
Total population engaged in gainful occupation .....	29,287 <sup>9</sup>	38,167 <sup>15</sup>
Percentage employed by govt. ....	3.64	4.16

<sup>1</sup> Estimated from the Statistical Abstract of United States, 1901, pp. 428-434.

<sup>2</sup> Estimated from the Statistical Abstract of United States, 1910, pp. 101-108. Estimated from the Statistical Abstract of United States, 1913, p. 104.

<sup>3</sup> Statistical Abstract of United States, 1900, p. 397.

<sup>4</sup> Statistical Abstract of United States, 1913, p. 613.

<sup>5</sup> United States Census of Occupations, 1900, p. 7

<sup>6</sup> Statistical Abstract of United States, 1910, p. 649.

<sup>7</sup> Estimated from Statistical Abstract of United States, 1913, p. 619.

It will be noticed that the increase is steady; probably by the present time it would not be less than 5 per cent. of the working population. Now we have to consider not only the number of those actually employed, but of those who are seeking employment and who by the lure of governmental employment are diverted from private business.

The significance of public employment is further brought out by the following table, giving the proportions of public expenditures to our entire incomes as well as the absolute amount of these expenditures.

ESTIMATED EXPENDITURES OF ALL GOVERNMENTAL UNITS COMPARED TO THE TOTAL INCOME OF THE PEOPLE OF THE UNITED STATES (millions of dollars)<sup>16</sup>

	1900	1910
Total Income of people of U. S. ....	17,964 <sup>16</sup>	30,529 <sup>16</sup>
Total Expenditures through govt. ....	1,469 <sup>16</sup>	2,592 <sup>16</sup>
Percentage through govt. ....	8.18	8.49

We see how considerable is the proportion of the national wealth annually produced which passes through the hands of those who are our public servants.

But still we are not at the end of the evil influence

<sup>8</sup> Statistical Abstract of United States, 1910, p. 644.

<sup>9</sup> United States Census of Occupations, 1900, p. 7.

<sup>10</sup> United States Census of Occupations, 1910, p. 93.

<sup>11</sup> Estimated from Census of Occupations, 1900, p. 7.

<sup>12</sup> Estimated from Census of Occupations, 1910, p. 93.

<sup>13</sup> Estimated from Census of Occupations, 1900, p. 3, and 1910, p. 93, on basis that each county official has one assistant, each city official three assistants, and each state official five assistants.

<sup>14</sup> Pure guess.

<sup>15</sup> United States Census of Occupations, 1910, p. 91.

<sup>16</sup> King, W. I., estimates in "The Wealth and Income of the People of the United States." Table XXIII.

exerted by our governmental methods of public employment. It makes no difference what views we entertain of government, whether we advocate a minimum amount of activities or whether we favor a large increase in the functions of government. There can be no doubt that the methods of government exercise a vast psychical influence upon the entire population. Government is all-pervasive. At the post-office and elsewhere we come daily into contact with it. Our daily newspapers tell us what it does. Its methods help to develop a certain habit of mind influencing our activities. Bad public methods of employing and dismissing men exercise their influence in producing bad private methods of employing and dismissing men. The American private employer has not as a rule a bad disposition; quite the contrary. He means well, but he is thoughtless. We have then instability in private employment, on the part of individuals as well as great companies. Instead of planning things out carefully on the farm and in the shop and elsewhere so as to make employment continuous, men are suddenly employed, suddenly dismissed and the number of casual laborers becomes enormous, rendering at recurring intervals still more serious the problem of the unemployed.

But we are not yet at the end of the evils which result from the methods used in our civil service. We could do the things better which we are now doing collectively, and we could do more things collectively in the general interest were it not for the inferiority of our administrative branch of government. All of this bears very immediate on the problem of unemployment. Every intelli-

gent person, who has thought deeply on our present social problems, must be impressed with the fact that, generally speaking, government with us is not equal to the tasks which at present confront it. We are face to face with a great and terrible crisis. Would it not be well if we had the best brains of the country, brains trained and disciplined by experience, working in our department of state at Washington? Would we not face the future with more confidence if we had some of the ablest men in the country at our diplomatic posts, men improved by experience? Would it not be well if at this time, when opportunities exist for commercial and industrial expansion abroad, our American consuls were quite the equal of those of England and Germany?

A great and growing distress exists on account of unemployment. Ways of remedying this, at least partially, are already familiar, and, of course, the purpose of this article is, if possible, to carry the discussion still farther forward. But let us take the most familiar methods. In the periodical, called the *Survey*, published in New York in the issue for January 30, 1915, this statement is found, giving the gist of an editorial treatment of the subject of the unemployed: "Hurried temporary expedients for dealing with unemployment mark the lack of a general plan in this country. Reports of what many cities are doing." The plain truth is that we have not the machinery in capable and public trained servants to cope with the situation. Governmentally we are blundering ahead.

We have sufficient testimony of the inferiority of our administrative branch of government. English friends



deplore the lack of a governing class in America. And by this they do not mean a governing class in an offensive sense, but simply a class of men trained and capable, devoting themselves to social service in the sphere of government, where we do not follow, as we do in private business, the principle of division of labor. A German student, writing about recent trust legislation, observes that the principles involved are to be commended, but he adds: "Nevertheless, in this regard also it seems to me doubtful whether a general and effective execution of the law is possible without a steady supervision and stringent control of the numberless enterprises, such as the American state, with its inadequate staff of trained officials, would seem as yet not able to carry out." (See article, "Monopoly or Competition as the Basis of a Government Trust Policy," by Robert Liefmann, p. 324, *Quarterly Journal of Economics*, February, 1915.) An Australian author on trusts finds that our administrative machinery is so poor that other countries cannot draw the lessons which would otherwise be possible from American experience. Here we have competent men from different parts of the world impressed with the fact that our machinery of government is inferior and not equal to its tasks. Not one of these men had it in mind to criticize the United States; they simply give the results of their observations just as if they were looking out of the window and saying "It is raining."

Government can do something that is appreciable toward the solution of the social problem by engaging in productive enterprises at times like the present. Every civilized government does this. We find countries as

as far apart as New Zealand and Germany meeting with success in constructing homes for working people. Ulm in Germany affords an illustration. Our administrative machinery is so imperfect that most Americans would dread an experiment of this kind in our country. So it is with many other things which could be suggested.

Let us look at this question of our civil service from another point of view. In the United States, as in democratic countries, the employees in the lower grades of the civil service are, generally speaking, rather better paid than those performing like services in private employment. If government should furnish careers to men and women, always selecting for each post the best talent available at the rate of compensation established there would be a continual force in operation, elevating wages and conditions of employment. I have seen the influence of this force myself in Wisconsin in the case of typists and stenographers. We do not have the best civil service methods, but still in Wisconsin we have fairly good methods as things go in our country, and there has been an appreciable improvement in the remuneration of those persons performing services such as I have mentioned. The same influence can be seen at work in Washington and elsewhere. Whenever government is an employer, paying wages and salaries just a little better than the private employer, giving just a little better conditions of service and always seeking the best for the given rate of remuneration, private employers continually must make an effort to meet this competition. Just in proportion as favoritism or inferior methods are employed in the civil service, this force of government in improving

conditions of those who work for wages and salaries is lessened.

Another consideration — unemployment is due largely to inefficiency. Greater efficiency means more openings for labor, more possible employment. With better administration we would have better and more wholesome conditions in our cities, promoting better mental and physical strength. We would also have better training in our public schools.

Other arguments could be adduced, but I prefer to leave a good deal to the reader to think about and to let him work out conclusions for himself.

Can we change the evil conditions to which attention has been called? The Bible says, "Blessed is he that considereth the poor." What we want is consideration, thoughtfulness, the use of such brain power as the Almighty has given us. Mere impulsive action is more likely to do harm than good.

The farm owner, for example, should attempt to give continuous employment, and all forces should work together to make the position of the farm laborer an honorable one. We need an agricultural ladder in this country, and a little thought will show that this enters into the question of unemployment. The agricultural ladder has in its various rungs the farm laborer, the tenant, the owner of a small farm, the large landed proprietor, et cetera. Some men have those qualities which will fit them for the position of farm laborer rather than independent operators. They should be encouraged, and should be given the feeling that their position is an honorable one. Prizes should be given for the best laborers' cottages and

to the farmers meeting with special success in dealing with the labor problem. Our farm laborers in many parts of the country are very largely casual laborers, too often degenerating into homeless tramps. All great companies, like our railway companies, must be encouraged in every way to give continuity of employment. Our regulation of railways and our control over railway rates must be exercised with this in mind. If we want railway companies to be good employers, the control society exercises over them through commissions, et cetera, must not be oppressive.

The German administration, "Verwaltung," as they call it, is one of the wonders of the world. If any one has ever doubted it before, no one can doubt it now. When I have been in Munich, I have found principles, such as I have attempted to describe, followed both in public and private life. Whenever a man receives a regular appointment in the civil service of Munich, it is considered for him that the problem of continuous employment has been solved. In taking up a daily paper in Munich, I find the statement that a certain piece of city work is nearing completion, and that as this is finished it is planned to take up some other needed and useful piece of work, so that the two may dovetail into each other and furnish continuity of employment. The newspaper writer mentions this as a mere matter of course. It is expected that the private employer will follow the same methods, and the better class of them do this.

Somebody may object and say: "You propose to give us a bureaucracy." I do not care particularly what it is called; experience has amply demonstrated that an alert

and active civil service is a possibility. We Americans can have what we want in this particular, if we put our brains into it. But the civil service must not be so deadening as it now is with us. It must furnish an honorable career so that a whole family shall not rejoice when a bright son escapes from the civil service. Among other things we must develop democratic sources of honor. In monarchical countries the king is the source of honor, and he uses orders and titles as recognition of service to the country. Men will make great sacrifices for honor. It is not for us to sneer at these old-world methods, but to learn from them the lessons that they have to teach and to develop democratic sources of honor as recognition and reward of useful service.

Methods of getting better administration imply a sharp separation of legislation from administration. The people must select on a short ballot those who determine policies and elect them for sufficiently long terms so that they may become familiar with their duties. These few people who are elected must determine policies and these policies must be carried out by appointive officials in the administration. American Government has achieved as great a success on the administrative side in the state university as it has anywhere, although here still much remains to be accomplished. In the case of the state university, we have in the board of regents or board of trustees the body of men and women elected or appointed who determine policies. They select the experts, wherever they may be found, who carry out these policies, going outside of the State and sometimes outside of the country to find the best man to fill a particular position.

This affords illustration of the separation of administration from legislation.

We see that there is no one solution, but many solutions for the problem of unemployment. It is necessary to work along different lines, and, after all, all reforms must in their final analysis be tested by their influence upon character. Private effort must aid governmental effort; the individual must work individually and socially.

The program of reform by administration is not a showy one, and does not afford opportunity for political claptrap. It might not be easy to use a program of this kind upon the stump, but I believe that it points the way, and the only way to real and lasting improvement. Excellent programs for the prevention of unemployment have been developed. I would mention particularly one prepared by Dr. J. B. Andrews, Secretary of the American Association on Unemployment, and published by that Association.<sup>17</sup> Supplemented by the program here outlined,

<sup>17</sup> Dr. Andrews gives the following outline of his treatment, indicating the approved methods of dealing with the problem of unemployment:

- I. Regularization of Industry
  1. Regularization by Employers
  2. Regularization by Workers
  3. Regularization by Consumers
- II. Establishment of Public Employment Exchanges
  1. Local Employment Exchanges
  2. Federal Employment Bureau
- III. Systematic Distribution of Public Work
  1. Regular Work
  2. Emergency Work
- IV. Prevention or Absorption of Surplus Labor
  1. Reducing the Number of Young Workers
  2. Industrial Training
  3. Agricultural Revival

we shall be on the right track to do the best that can be done with the unemployed, and we shall have devised measures for the best possible treatment of the unemployable. We shall have taken steps in the direction of the development of the right to work.

Every one can help. He who voted for the reelection of an officer, who has served the people well, has thereby helped to solve the problem of unemployment. He who favors the short ballot for the election of few people to determine policies to be carried out by the experts in the administrative branch of government, helps in the solution of the problem. The man with the appointing power as president or governor, or in any other position, who reappoints the good civil servant helps to solve the problem of unemployment. The newspaper which encourages those who do well in public service helps to solve the problem. He who develops democratic sources of honor to encourage and stimulate those in public employment helps to solve the problem. The problem is solved not by doing great and showy things, but by quietly and persistently working at the problem of good administration.

- 4. Constructive Immigration Policy
- 5. Regulation of the Hours of Labor

#### V. Unemployment Insurance

- 1. Organization of Out-of-Work Benefits by Trade Unions
- 2. Public Subsidies to Trade Union Out-of-Work Benefits
- 3. Public Unemployment Insurance

#### VI. Constructive Care of the Unemployable

- 1. Aims of General Policy
- 2. Adaptation of Treatment to Case

**SOME ASPECTS OF UNEMPLOYMENT IN  
THE PACIFIC NORTHWEST**

**BY**

**JOSEPH K. HART**

**PROFESSOR OF EDUCATION  
UNIVERSITY OF WASHINGTON**





## CHAPTER V

### SOME ASPECTS OF UNEMPLOYMENT IN THE PACIFIC NORTHWEST

**I**N common with the rest of the country, the Pacific Northwest has suffered for some years from the cumulative development of the problem of unemployment. Year after year has seen the gathering of larger numbers of idle men in the cities during the slack season. The winter of 1914-15 was marked by the presence of some thousands of these unemployed hosts, who seemed ever on the move, up and down the coast. The number who gathered in any one city at any one time was never strikingly large; but in the course of some eight months a total of ten thousand or more passed through the larger cities.

Unemployment, homelessness, the break-down of all community ties, the lack of all the elements that ordinarily make life worth living, and the individual worth while to the community (beyond the machine, or the beast of burden): all these seem bound up in the actual situation as it has been seen vividly by those who have cared to look. Those who hold that our present organization of society is the final and inevitable system of living find the causes of all these phenomena in the stagnation of business, the falling off of the markets, the destruction of credit by the European war, the political agitation which brought about the reduction of the tariff,

the unsettling of business through too much regulation, or in some other of the well-known answers to the problem of disagreeable social conditions.

On the other hand, there are some who wonder, rather bewilderedly, why, in a region of such wonderful resources, where raw land lies open to the sun in almost endless stretches and where many other sorts of unoccupied but controlled resources of nature are being kept out of use, there should be such a serious condition of unemployment. It has been conclusively proven that these unemployed men want to work. Those who know them best, who have been living among them and working with them for months, all agree that at least 90 per cent. of all these men will gladly accept work if it is offered. The fact is that in the Pacific Northwest, unemployment arises from the fact that there is not enough work to go around. At any rate, the percentage of defective or incompetent men is rather small.

Yet here is another striking fact. One of the constant cries of this same country for a number of years past has been the cry for more population. Practically every state in all the Northwest spends considerable sums of public monies each year in advertising the attractions of the state as a home for new settlers. Yet, with ten thousand men passing through the State of Washington in a year, there seems to be no real place for them in our settled population.

Is it because these are workingmen, and the state needs other kinds of men? No, the one greatest need of the state is for workingmen. Most of the Northwest is still rough, undeveloped resource. No one knows the ex-

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tent of the latent wealth in any one of the Northwest States. Real-estate men sing a wonderful song as to the wealth and beauty of this country. But it all needs to be *worked*. We need workingmen on it, in it, among the resources, doing the tasks. Why then is there not room for these ten thousand workers, and thousands more like them, in this undeveloped country? The answer to this question goes to the heart of the unemployment situation. Let us look at it closely.

In these thousands of unemployed men, we have some thousands of people more than our present industrial activities can, or will, readily absorb. We utter our appeals for more population; but we do not want this kind of population. All the resources are now *owned*: there is nothing for the moneyless laborer. There is not even work for him, for work costs money, and the owners of our resources have little ready money; they have nothing but "resources."

From the common, or orthodox, point of view, what we need is a sufficient number of *people who have money* to come in and take over some of our undeveloped "resources," so that we can live; and so that we can afford to make some jobs for those who have no resources. We are not really averse to the increasing of our population by these thousands of workers. But we have no place for them now. If we could get some industries started, they might be absorbed into our industrial life, still keeping in their proper places. Meanwhile we fear them a little, for their presence here promises the possibility of a breaking down of the barriers between those who own the resources, but cannot use or develop them, and those who

want to work, and cannot get the chance. It is but natural that those of us who own property, and have the institutions of the present at heart, are anxious to see to it that nothing untoward happens; we are willing to give of our landed poverty to the charity which supports strong men in wasting idleness; it helps to keep them contented, and therefore harmless; and it puts off, for us, and our system, the day of social judgment a little longer.

We are, thus, the blind and fatuous victims of old fallacies: educational, moral, social and economic fallacies which the fear of a fear makes us hold onto with all our souls. The presence of ten thousand strong idle men in our social world of the Northwest makes us all poverty stricken. But we hold to our "ideals" beyond all our poverty. Whence comes this fatuous clinging to a condition that no completely intelligent man can defend? It comes from the "fear of a fear." Let us see.

There is, in my city, a man who came here a score of years ago, when the city was still a town in the woods, on the rough hills and among the wild lakes. Land was still cheap and the possibility of purchasing it was open to all who had any money. This man seized upon all open property he could find, and acquired whatever he could by purchase. Living was cheap, social standards were still primitive, automobiles were unknown, and the expense of "running an establishment" was small. He worked with his own hands in his garden, and made his way with little ready money. He waited for the big day of realization.

He has never been able to do much in the way of improving his properties, owing to a lack of ready capital.

It has seemed very much wiser to him to secure as extended control of properties as might be, hoping that he might see his way to such improvement later. But, in their natural condition, these properties have been almost wholly unproductive; they have not enabled him to pay for their preparation for a larger productiveness. Too, the development of their unearned values has tended to make the very cost of keeping them, at all, very considerably greater, year by year; so that he has been hard put to it to maintain them in their present condition, and he thinks that people who insist that he open them to improvement and use are not quite fair.

The fate of this man is, in one sense, pathetic. In recent years populations have grown rapidly in the Northwest, especially in the city; "paper" values have risen still more rapidly; and the man is immensely rich. That is to say, he owns great amounts of almost wholly unproductive properties. He cannot use this property himself. He can scarcely even use enough of it for gardening purposes; for social conditions have changed, and a man of his wealth can no longer work with his own hands. Automobiles, and all that goes with them, have come in; but the man finds it extremely difficult to buy and support a respectable number of automobiles (and what goes with them). He is, in a well-known, old phrase, "land poor."

For a number of years, the city has been carrying on great municipal improvement projects. The city is spread over a great territory. Not more than three out of every ten lots are now occupied. The remaining areas lie "fallow," waiting for whatever, whoever, may turn up. These vacant lots have had to bear their share of

the cost of the great engineering projects which the city has carried through. Streets have been cut far out into the near-wilderness; sewers of prodigious size have been constructed; hills have been graded down; valleys filled up; a great municipal water and light system has been installed; country roads have been improved (the city paying its full quota of the taxes); a great development of the harbor has been carried through; in short, many millions of dollars have been spent in the building up of the city, its harbor and the surrounding country,—and all these millions of dollars rest back, finally, upon the real values that exist here. The man, whose story we have been following, has paid his share of these dollars (or, at least, such share as he could be compelled to pay);—his money has gone into the city's development; and he is compelled to charge all these sums over against the value of his real holdings. This has brought their price to a high level. In addition to this, he has wanted to charge something for the "risk" which he thinks he has taken.

The results of all these elements is seen in the fact that these properties are now, for the most part, too high in *price for any one who has to work for a living* to purchase. If he sells at all, he must sell to some one who buys for "investment." That fictitious sort of buying does not help him much. The money he has been able to raise by selling one parcel of property does little more than pay the taxes on the remainder. It leaves him little for the improvement of the remainder. I do not mean to draw a humorous picture, for the situation is not at all humorous to the man himself. He is bound up in a web of circumstance from which he feels there is little hope of

escape. These ten thousand unemployed men worry him a little. If they could be induced to work on his properties at such wages as starving men ought to be willing to accept, he might see his way out. But they have foolish ideas about a certain non-existent "wage scale"; and they hang together as hungry men ought not to do. So, he is balked at every turn, and seems able to get nowhere. He is a poor rich man.

But his career is so instructive that it is worth following a little further. He is looked upon as one of our "leading citizens." He is a prominent "taxpayer." His voice is heard in the "prudent councils of commerce." He seems to typify the strength of the pioneer, together with the substantiality of the capable man of affairs, the well-known "man of foresight." He keeps a large establishment. All in all, he, at one and the same time, thrills us with his large bearing, and flatters us with his presence among us. He has contributed to the charities of our city quite liberally for years. Personally he is a man of fair culture, and he lives without unfortunate social entanglements.

He is simply a typical unimaginative American. He was brought up through pioneer days, when population was scanty and every individual must look out for himself. He has changed with the changes since those days only to the extent of maintaining an old attitude in the midst of a changed world. That is to say, he has brought through these changing years the old pioneer attitude, with only so much change as will make it fit all the more snugly into our modern world.

He is unimaginative: he calls himself a "practical



man" and he has no use for the theorists, the agitators, or the men who quietly fail to take him at his own estimate. He is a leader in the rather small group who speak of the universities of the country as "hot-beds of socialism." He has a slight sense of being ill-at-ease; but he does not know why, and it irritates him. He does not know how to meet the new problems of to-day. In spite of his attitude of assurance he is a pathetic figure, a survival from a previous economic age, untutored in the new outlooks of to-day, unsympathetic with the new spirit of the age, holding doggedly to old ways of looking at things, a wind-swept figure on the deserted plains of old living and thinking.

A few words more and we shall excuse him from further observation. He has been crying out, for the last year or two, against "high taxes." And he really cannot afford to pay his taxes: he has too much unproductive property. He feels very keenly the injustice of a government that permits those who own no property to vote high taxes upon those who do own property. Recently he has argued much for a law that will establish a property qualification for voters who pass upon projects or measures that involve increase of taxes. He dimly sees that the present tendencies in government are toward the extension of municipal functions of all kinds; and that means to him, chiefly, increase of taxation; hence, he has come to be one of the chief of those who are opposed to municipal ownership of any kind, or any other form of municipal or social change which implies any further rise in the tax rates.

His real difficulty is this: he holds too much idle land.

He feels that his hardships as a pioneer and his risks as an investor entitle him to secure the values that growing population has produced. But he cannot get those values without selling his holdings; and recently, the very conditions that have produced unemployment have tended to depress the "paper" values of his properties: to sell, now, means loss; not real loss, of course, but loss of what he had fully counted upon being able to put into bank. In this sense, he is almost as hopeless, and, in full truth, he is quite as pathetic, a figure as is the unemployed man who comes and goes. Each has missed the supreme satisfactions of life.

But the greater responsibility is upon the man of property, because he is thereby limiting not only his own life; he is keeping other men out of employment. He stands in his own light. Unemployment adds to our social burdens; it increases taxes, while lowering values; idle labor produces nothing in the way of wealth, but it tends to the destruction of existent wealth by a consumption of wealth that does not pay for itself. The whole situation is woefully expensive. Production is decreased, consumption, decreased in part, is not decreased in equal ratio. The wealth of the community must pay the bills; and they who have wealth must pay the taxes. This seems so like elementary economics that a blind man should be able to see it. But, of course, to see it and admit it would involve us in consequences from which the bravest might pray to be delivered.

Monopoly of natural resources, the holding out of use of the native bases of wealth for the hope of an unearned increment: this seems, here in the Northwest, the one

most fundamental cause of our present unemployment problem. There are other causes, more or less obvious, but deep under them all is the fact that, in our pioneer days, control of our natural foundations of wealth passed into the hands of a limited number, who now intend to live, if possible, not upon the wealth their own hands have produced but upon the wealth that others are compelled to produce on the resources which they control.

We have thus reached something of a deadlock; unproductive natural resources seem to stand and glower behind the entrenchments of law and custom at idle and unproductive labor. The legal and customary aspects of the case are not clear. It seems clear that, under our present laws, the owner has a right to hold his land out of use, even in the face of dire social necessity. But it does not yet appear that a man has a full, or the same, legal right to hold himself out of use. A vacant lot, with its dandelions and Canada thistles, can turn buccaneer and prey upon the neighbors, far and wide: can an idle man do the same? It seems that he cannot.

We face the fundamental and, in some measure, bitter facts. Politicians speak of this government as being made up of units: the individual citizens being the units. Perhaps the units are not all of the same size, or significance; they belong not to the natural series of numbers, but to those denominate numbers where each unit stands for a determined value. Otherwise, why should one of these units, by his power to hold unused resources endlessly out of proper use, be able to make of himself a "prominent citizen," and of another unit merely a "statistic" in a pamphlet on unemployment?

To be sure, the argument is not admitted. Our friend, the "prominent citizen," is member of a leading social-business club in the city. At the noon luncheons in this club most of the important questions of the day are discussed, and at dinner they are settled. In this way the problem of unemployment was recently attended to. A unanimous verdict was rendered, after a comfortable dinner. The solution offered was extremely simple, lucid and clear: "Let these idle men go to work!"

We reach the same deadlock here as elsewhere. The whole world of labor and social thinking is looking forward to the new economic day, the day of real economic freedom. The world of business dreads that day, for it means the end of the orgy of profits, and the conversion of business from "business" into the economic service of the community. The community must always pay all the bills, sooner or later, in one way or another. The community must always create all the wealth, sooner or later, in one way or another. The false psychology which underlay the old dismal economic doctrine that "men are naturally lazy, and will work only when they can't escape it," has been blown up; it exists, now, only in antiquated text-books, and in the belated ignorance of reactionary economists, and business men who find it a convenient method of proving their own position in society. Our unemployed men want to work; they eagerly take every chance offered. To be sure, they want some consideration, and they are intelligent enough to demand some social conditions. They are, also, learning to think, and they will soon come to play their part in the civic life. The task simplifies as men come closer to it.

Unused resources make their owners selfish, unpatriotic, narrow and mean. Unused labor power makes its possessor, eventually, lazy, shiftless, selfish, useless. The two are not separate problems. These two great factors in the creation of wealth need each other: separated, they decay; related, they make wealth abound in the waste places, and social wealth in the hearts of men on both sides of the controversy. It is not real fear that keeps these necessary elements apart. It is the "fear of a fear": the fear of an old specter that has haunted men for ages: when shall we become intelligent enough to defy old fears, and to face the world of to-day in the energy of democratic enthusiasm, and in the spirit of fearless science? We wait: war holds us; old commercialisms blind us; fallacious economic ideas paralyze us. In the midst of immeasurable resources, we have unemployment, hunger, deprivation, poverty, in body and soul. With immeasurable labor power, our natural resources languish for want of development. We are bound by antiquated social considerations, we are wasting endless amounts of energy in attending to outworn institutional ties. We have turned the world upside down by our inventions in physical lines; but we stand trembling on the brink of action when it comes to social lines. Dare we apply our science here? If not, then all our applications of science in material lines will leave us worse off than when we began.

No less than Europe, in these bloody days, do we need to face the problems of our economic and social future with new determinations to use the newest ideals and the latest scientific methods in the economic and social fields

to make over our jaded industrial world. Our very resources demand this larger program. Our manhood, now wasted, here from too much, there from too little, demands it. The test of our sincerity, the proof of our courage, the test of our intelligence shifts from the material world to the world of economic and social relationships: what we dare do here, and think here, and live here will give the proof, or give the lie, to all we boast in all other aspects of our living, or thinking or doing.



UNEMPLOYMENT, INDUSTRIAL AND  
SOCIAL JUSTICE

By

H. H. WHEATON

SPECIALIST IN THE EDUCATION OF IMMIGRANTS  
UNITED STATES BUREAU OF EDUCATION  
WASHINGTON, D. C.

SUPERVISING INVESTIGATOR  
PENNSYLVANIA DEPT. LABOR AND INDUSTRY  
HARRISBURG, PA.

SPECIAL COLLABORATOR, BUREAU OF EDUCATION  
WASHINGTON, D. C.





## CHAPTER VI

### UNEMPLOYMENT, INDUSTRIAL AND SOCIAL JUSTICE

**J**USTICE! Is it justice for a man to stand all day outside the gates of a factory, waiting for the position that is never offered?

When a captain of industry advertises in the columns of the press, "Wanted—A man," and a hungry man arises before day breaks over the chill streets of the sleeping city to apply for the position only to find five hundred other hungry men have already applied in vain — is this Justice?

When the crops are garnered in the fall, and the worker tired of the isolation of rural life wends his way toward the factory gate, hoping that his frame and muscle will advance him in favor beyond the others, only to apply each morning and receive each time a cold denial of his right to work — is this Justice?

When industry has gorged its fill with the unearned increment accruing from excessive production; when prosperity turning the heads of business men has goaded demand to the breaking point and reaction sets in; when the thousands of toilers who, after contributing to the success of their employer, have served his selfish ends and are discharged, only to be thrown upon the streets to seek a new employer who will repeat the procedure — is this Justice?

An unemployed man! — Hopeless, wandering from door to door, with hungry eyes looking for the sign that may point the way to employment; goaded on by the mind's picture of his little ones eating the last crust of bread and cold and shivering in the deadly air of a tenement home; too proud to ask for charity, for it is not charity but work that he feels will keep alive within him the spark of manhood; looked at with curious glance; called a hobo, a tramp, a bum, an outcast of society, yet one who has contributed to the blessings society enjoys — is this Justice?

Justice to the unemployed! What is justice to the unemployed? The answer depends upon what is justice to the employed. Does industry owe a duty to its employees? Does society owe a duty to its workers? And, if so, does the responsibility of either extend to the prevention of unemployment?

What is the relationship existing between the man who is compelled to sell his labor, whose very existence depends upon his ability to sell that labor continuously and the industry that buys his labor and the society that reaps the benefits?

#### LABOR AND INDUSTRY

Labor depends for its existence upon business and industry. Labor is without capital, except in a small way. Labor is without investment, except to a small extent. Labor is without a sinking fund, except in a small amount. In prosperity labor derives sustenance from industry; in adversity it has little to sustain itself. Its small savings

and investments cannot long maintain existence, when earning power is suddenly cut off. Continued earning power depends upon the ability of labor to sell its force. Ability to sell depends upon the willingness of industry to buy. If industry fails to buy, labor cannot exist.

Labor is subordinate to industry. Industry commands capital. Industry is that form of activity applying capital toward the acquisition of profit. Labor has no capital to use in the acquisition of profit. Its so-called capital is brawn and muscle, not money. All the profit it can acquire must accrue from the application of its brawn and muscle in production. But industry controls production and the processes of production. Industry makes an investment of money on a large scale in some productive organization — a farm, a factory, a store. To this organization labor is incidental, although necessary and important. Labor sells its brawn and muscle to industry, uses the tools and machinery provided by industry, applies its power toward production or assists in the sale of products belonging to industry, but seldom participates in the profits of the business. It at all times occupies a subordinate position.

Labor places a trust in industry. It contributes its power of production on the basis of an expectancy — a wage. It gives energy first and looks forward to and awaits its reward, but only after a period of time fixed by contract or custom prescribed by business. Industry reaps its reward from labor's production first and pays labor afterward. Industry sees the products of labor's toil before the latter sees its wage. What if industry fails

to pay? Then labor has spent its force in vain and exhausted a portion of its capital without return; then industry has violated the trust reposed in it by labor.

Before labor applies itself, the value of raw material as a finished product is potential. After labor expends its effort toward the transformation of raw material into a finished product, its potential value becomes real. The former crude thing takes on an increased value. But behold! At all times throughout the process of transformation, industry owns the material whether in its raw state or in its finished form; it controls the material and its manufacture; it determines the process of production, owns the machinery and tools, and dictates the application of labor's power in the use of machinery and tools in the process of production. Labor, on the other hand, ceases to own its power the moment it is applied. Its value goes into the product and the ownership of this value thus contributed passes to the industry. Industry is owner, proprietor, employer, and at all times controller. Labor cannot work unless it is hired, but industry controls the hiring. Labor cannot work without tools or machinery, and industry owns and controls these. Labor cannot apply itself to production unless there is raw material, yet industry again owns, controls and disposes of this, and in the end profits from the sale of the articles manufactured from it.

When industry fails or refuses to buy labor, the latter is helpless. It rarely can force industry to buy. It must wait until industry is willing to buy or to make an offer. Even after labor has sold its power to industry, it is still

dependent upon the latter for continued purchase of its force from day to day, from week to week, or from month to month.

Labor once hired comes to look to industry for continued hiring. Having familiarized itself with the processes of production, its habits become fixed. It loses the ability to apply attention and energy to new or strange processes. It begins to run in a groove and the very pressure of specialization renders it incompetent to work at anything else. From the standpoint of industry this is desirable, for it increases output and tends to make the labor force more stable.

When industry has brought its working force to the point of stability; when labor has been led or misled into a desire not to change its employment, at that point does the responsibility of industry for the future of its workers, employed or unemployed, definitely begin. Labor's utter dependence upon industry places upon the latter a grave duty to furnish continuous, fully-paid employment. And "thereby hangs a tale." If you feed a dog and allow him to sleep in your kennel, do you not lead him to feel that he can follow you around and continue to enjoy your hospitality? If you hire a man, develop him into a steady worker, train his mind and hand for your particular process of production to the exclusion of all others, do you not make him dependent upon you? And if you make him dependent upon you, do you not, proportionate to his dependence, cut down your right to discharge him? Is your employee no better than your dog?

## LABOR AND SOCIETY

The worker is a member of society. Just as the bee gathers honey from every flower and deposits it in a common repository for the future use of the bee family, so does the human toiler apply his labor to the production of articles for the subsequent use of the social state. Both contribute to the happiness of the community.

Labor is dependent upon society. If society does not demand products, industry operating upon the "law of supply and demand," curtails production, and presto! with diminished production goes a decreased labor force. Society or a part of it pursues a style with feverish interest for a season and the next season another. But with each change in mode, some group of workers whose employment depended upon the original style loses work. Custom and imitation prescribe a "clean-up campaign" each spring. To produce the articles necessary to carry on this annual clean-up, thousands of workers are engaged during the season preceding. Yet they lose their employment when the demand of custom is satiated.

Society demands that labor keep employed, and constantly reiterates that the man who wants work can find it. On this basis it refuses assistance until the miseries of the worker become so insistent that the specter of a homeless, workless man haunts society awake and asleep. Only then does it share its fortune with the unfortunate. Society claims that a man becomes a "down-and-out" through bad judgment or lack of persistent application. What of the social system that through custom, change in style, or pursuit of a whim, forces the man out of his

employment? Strip every person who makes this claim of his capital, of special training, of influence, and force him into the streets to combat the industrial and social system — then watch him obtain and keep a position. Of course a man with advantages, with backing, can get employment, if he persists. He can make it, if he cannot find it. Divest him of such power and the cards are stacked against him. Then he becomes dependent upon industry and the fluctuations of business. Then he is dependent upon society, its customs and its whims.

Each man can get work, if he wants it! But a hundred men seek the opening when it is offered. One man is successful, but the unfortunate ninety-nine must seek elsewhere, for competition affects the ability of labor to find employment and to earn a living.

Each man can get work, if he wants it! Where? The ninety-nine jobs for the ninety-nine losers may be one hundred miles away and the ninety-nine without means either to learn of the opportunities or to purchase their transportation. If society lays down the dictum that each man can employ himself if he will, does it owe no duty to furnish information as to the location of the work, or to furnish the means of transportation?

Each man can get work, if he wants it! But what if he is not equipped by nature or training to do the work? For experience and training affect a man's ability to get employment. The man himself can acquire the experience, but society must supply the training — training in youth, training in school, training in industry. Training presupposes instruction from without by a master of the game. If society expects the man to play the game ac-



according to its rules, it must first play the master and teach the rules. Through the public school and competent apprenticeship it must train the youth in his trade. Yesterday thousands left the starting line, untrained, illy-equipped to work not at a vocation, but at a "job." To-day they have joined the ranks of the casual workers and to-morrow they will swell the army of the unemployed. In the meanwhile society without a qualm of conscience contemplates the ruin of its potential worker — youth.

The worker depends upon society for continuity of employment, for training, for information about work, for transportation facilities, for the elimination of competition, for coöperation, fundamentally for employment itself. When society provides these, then can it honestly demand that each man must get employment and keep himself employed. "The world owes each man a living" may be subject to dispute; but there can be no dispute that the world owes each man equal opportunity to find employment and thereby earn a living.

Justice is usually portrayed with a blindfold over her eyes. With scales in one hand to weigh the evidence in favor of both sides and with a sword in the other to ward off the enemies of justice and to enforce her decision when made, she presents a noble figure. In days when the conditions and processes of industry were not so intricate, when the ramifications of the social system had not developed, this conception of Justice was perhaps sufficient to impress men's minds with fairness and equality. But this ideal of Justice was created when the worker was his own employer and differences were between man and man.

To-day the industrial and social system has changed.

The worker no longer owns the tools of his trade, buys his own material, makes his own products, or disposes of the fruit of his toil. Now he does not see the transformation from the first process to the last. Pride of production is gone and monotonous application at a single process has taken its place. Industry has appropriated capital, materials, tools, machinery, ownership. Once the worker's employment was his business, now it is only his trade. Naught remains for him but the right to work and sometimes that right is denied by great industrial power. Differences now are between employer and employee — differences which must be settled in the Court of Justice.

Prostrate at the pedestal of Justice, the worker seeks his due. The evidence she weighs upon the scale is filled with chaff, and the so-called truth she listens to is told by poisoned tongues. Her scales have long been rusty, her sword has lost its edge, her arm has lost its power. The law she administers was made by the employer for his own benefit, not for the man who works. Custom and precedent guide her decisions, until no longer does she speak with authority. Hearing, she sees not, neither does she understand.

The worker stands without the gate and waits, while, blindfolded, Justice sits within. Might Justice not tear the bandage from her eyes and come to see what the worker wants, and why he stands outside and waits — so long!

#### THE SOURCES OF DATA

Data upon unemployment is inadequate, inaccurate and inconclusive. Few states have made any serious attempt

to ascertain the extent of unemployment within their borders. Fewer cities have made any accurate inquiry into their own local problems, while no federal authority is engaged in the collection and collation of statistics from all sources and from all parts of the country. This failure on the part of governmental authority to ascertain the number unemployed, to learn the reasons why men are out of work, and to keep systematic tab upon conditions is primarily responsible for our present inability to make any deductions as to unemployment, to formulate any intelligent policy — municipal, state or federal — or to agree upon any definite, concrete program of action. Divergence of opinion as to industrial and social responsibility is the direct result. Hence the motive power so essential to coöperative action is conspicuously absent, namely — an informed, determined public opinion.

To obtain scientific data upon this problem of social science it is necessary to draw upon a variety of sources.

The first source of information is the unemployed man himself. But he can be reached only after long intervals and at an enormous cost through a federal census. If a system of reporting could be devised instead of a census, more frequent touch with the situation could be secured. No practical scheme of registration has been brought forward and even if it had, no machinery is available for collecting the returns in one central agency, comparing data and formulating inferences. This is an ideal toward a realization of which we may aspire.

The second source of information is the labor union. How many men are unemployed in each union as compared with the total membership? How many are idle by

reason of strike? How many by reason of disability? How many for voluntary reasons? How many for involuntary reasons, such as lack of material or demand, inclement weather, and closing of shops? Such information must be collected not only once, but continuously, i.e., for each month, or for each three months, or at least for each year. A canvass of all unions should be made each year and for a selected group of unions at more frequent and fixed intervals.

Organized labor, however, presents only one aspect of the situation. Unorganized labor is the greater problem. It is more extensively affected by the fluctuation of demand and less able to protect itself from the operation of the industrial machine. Organized labor by the very fact of organization is able to counteract the effects of the chain of sequences leading to unemployment. Unions also frequently maintain a modified form of free employment agency through which they can keep their members employed. By dividing up employment and providing relief, they minimize the effect of unemployment upon their members. As a source of data on unemployment they are more reliable and present a concrete point at which definite inquiry may be made. By reason of keeping fairly close tab upon members they can give a reasonably accurate accounting of the extent and causes of unemployment in their ranks. On the other hand unorganized labor is unskilled, lacks coöperation, must be treated as a body of individuals and reached by a field canvass. It presents no machinery with which public authority may deal in collecting statistics and rarely exhibits any unified action in numbers from which information may be se-

cured. Yet unemployment data concerning the mass of unskilled, unorganized labor is most needed to-day.

To ascertain such statistical information we must resort to secondary sources. While it is obvious that the most accurate source is the worker himself, yet he cannot be reached except to a limited degree. One method is to canvass lodging places — free and pay — saloons and other places where men unemployed or employed congregate in numbers. To cover these places satisfactorily, however, means the use of a large force of competent census takers, operating at the same time and repeatedly at stated periods. Even then a percentage of error arises from duplication or from the absence of unemployed workers at the hour the canvass is made. Besides, workers living at home are not counted. Hence we resort to estimates of social workers, who furnish employment on a small scale, of missions and municipal lodging houses, which house the unemployed for short periods, of police officials who sometimes house them at stations or more frequently arrest them as vagrants, and of charitable agencies, which supply relief to families and less frequently to the unemployed single man. Data from all of these sources is obviously unscientific, incomplete and inaccurate.

A more accurate secondary source of information is the industries and lines of business employing labor. A uniform schedule filled in regularly each month by employers would give a fair index to the number unemployed. But duplication in numbers here again would occur in the case of returns from plants where organized *labor is employed*, and induction as to causes of unem-

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ployment would be almost impossible due to the misrepresentation of employers of the true conditions. From them, nevertheless, could be learned with a fair degree of accuracy the numbers employed in a normal season of business activity, the maximum and minimum number employed during a given year, whether the business or trade is seasonal and when seasons of unemployment begin and end in a general way. The difference between the normal and minimum would show the average amount of unemployment for the plants selected, and other inferences as to conditions could be made.

But all of these sources of data are unsatisfactory. All are inaccurate and incomplete at best. Some are positively misleading. Figures from all are necessary to formulate any notion of unemployment. From the unions and industries, we may learn the number unemployed; from the former we may learn causes; from the estimates of interested persons or agencies coming in close contact with the problem and from the police, lodging houses, employment agencies and court records we may obtain corroboration of the statistical data. Only when all sources are drawn upon in every city and state, and when the resulting information is carefully collated and compared by a federal department, will any true statement of unemployment in the country at large be possible. Where is the statistician who will dare to say he has competent data upon this complex and perplexing problem?

With these considerations in mind, what are the available figures upon the subject? In 1900 the census disclosed the number unemployed. These figures were col-

lated, compared and published. Similar information was secured by the census of 1910, but the returns have only within the past year been computed or published, though it is now five years since the canvass was made. Conclusions based upon returns made fifteen years ago are no index of the situation to-day, and where returns are not available until five years after a census, they are of little value except for comparison. Fluctuations in employment can be shown only by comparisons for a series of decades or years.

A few states have made inquiries into unemployment but these have been unscientific in most instances. In 1897 New York began to collect, compile and publish statistics based on returns from labor organizations. These have been obtained from selected representative unions each month and the figures arranged in thirteen groups by industries or trades. Returns were also secured from all unions in quarterly periods for a time but recently data has been secured only biennially. The data thus collected is reasonably accurate and complete, but it does not constitute a complete index to conditions, for organized labor generally is less affected by bad business and industrial conditions than unorganized labor. Feeling the insufficiency of this information, the Department of Labor is now engaged in obtaining figures from representative industries of the State.

The State of Pennsylvania, on the other hand, has already secured data from selected industries. Last year the Department of Labor made a canvass of eighteen hundred plants, each employing over one hundred employees. Only about twelve hundred returned satisfac-

tory figures. The questionnaire adopted covered the maximum or minimum employed in the year ending June, 1914, the month in which the maximum or minimum occurred, the number at the close of June, the number required for normal output, and whether the industry was seasonal. But no figures were secured for the other forty thousand industries in the State. While this data gives a fair indication of conditions, it still does not reach the unemployed man direct, and is therefore not entirely satisfactory.

Cities generally have not made very satisfactory surveys of unemployment conditions. Those which have made investigations have done so through a police census of lodging houses, missions, saloons, employment agencies and places where the unemployed congregate to lodge or to apply for employment. Occasionally "employment wanted" and "help wanted" advertisements in the press have been counted and compared for given periods in different years as in Cleveland. Here and there a count of applications for employment as against the number of positions filled at employment agencies has been made, though this information is inaccurate through the duplication of applications at different agencies. At Baltimore, a census of a limited number of labor unions was recently taken. Practically all the large cities have conducted a police census, but the methods pursued vary greatly. One of the most complete surveys of this type was conducted in Cleveland under the special commission on unemployment.

It is surprising how scarce are reports of a competent nature on the subject upon the shelves of libraries. Dis-



cussion and inquiry has been general only during the past year, and consequently treatises published prior to 1914 are largely without data of weight and conclusiveness, and deductions principally speculative. During 1914 and 1915 investigations have been hastily conducted during periods of unemployment, when exaggerated conditions prevail, and where statements by all parties and classes interested are overdrawn and biased. How, then, can we expect to develop a logical, rational policy? How can we achieve a normal regulation of conditions by law or by coöperation until we are thoroughly acquainted with the real facts? I make an earnest appeal to the intelligence and good judgment of all public spirited citizens to insist that the first step in justice to the unemployed — the ascertainment of accurate and complete information regarding the extent and causes of unemployment — be taken by competent governmental authority.

#### SEPARATION OF THE EMPLOYABLE FROM THE UNEMPLOYABLE

In years of panic the unemployed man has been used as a political slogan to obtain an increase in the tariff schedules or to accomplish some end beneficial to business. The real issue was always avoided either for political reasons or because no one had sufficient knowledge to attack the problem. The "full dinner pail" slogan was constantly brought to the fore for want of a better line of approach, and even to-day it is still being used in connection with protective tariff propaganda as a solution for industrial ills. The direct result has been to submerge the true procedure in dealing with unemployment.

Accordingly no attempt on the part of politicians to ascertain the extent and causes of unemployment has been made, or to separate and differentiate the employable from the unemployable.

A man's ability to work depends upon his physical and mental condition,—in some instances upon his moral status. It cannot be too strongly emphasized that where a man is physically weak, mentally defective or morally deficient, he is a subject for public interest. It is unfair to both the public and the man to expect or force him to work, if he is weak, maimed, deformed or sick. Compelling him to work under such circumstances generally weakens him further and finally throws him back upon the public for relief or support. A man mentally deficient, idiotic, or temporarily insane, is an inefficient worker commensurate with his deficiency. These two classes are not entirely responsible for their condition and in nearly all cases are worthy the commiseration and assistance of society. It is the duty of the State to give competent medical treatment, to contribute to overcoming their ailments and deficiencies, and to care for them during convalescence.

In 1913-14 medical examination of two thousand men applying for lodging at the New York Municipal Lodging House showed that 35 per cent. were incapacitated for work, 12 per cent. were mentally defective and practically all were in need of medical and other attention. Before fit to do work weakness had to be overcome, wounds had to be healed and treated, sickness had to be cured. This instance is undoubtedly typical of conditions generally throughout the country. Treatment ac-

according to individual need should be meted out to all men honestly unemployable.

On the other hand, the vagabond, vagrant, tramp or bum, who is such by his own choice, shows a lack of moral fiber. He chooses not to work for a living but to live off the community through the use of his wits. Such a man has passed the bounds of community consideration as an object of sympathy. He needs disciplinary treatment through penal procedure, because he belongs to the class of voluntary unemployables. The treatment to be accorded him differs from that suited to the other two classes. The public should take him in hand and compel him to work upon some public undertaking.

These three classes of the unemployed are to be dealt with according to the relative elements entering into their conditions, but all must be separated from the employable. Here again the lines of demarkation are not clearly defined. We neither know the number of unemployables nor who they are, nor when to place an individual in one class or the other. The relation of an employable man to the public is definite and clear. When does a man cease to be employable? When does his condition reach the point where it is possible to say positively either that he is unfit to be employed, or that he must be punished for voluntary unemployment? These are mooted questions at present, and statements pro and con are more or less misleading. Yet one or two facts may be pointed out with some degree of assurance — first, that any man who is able-bodied and mentally sound, refusing to work when suitable work is offered, should be classed as voluntarily unemployable and dealt with accordingly; second, the

community should establish a system of competent physical and medical examination for determining precisely when a man is physically or mentally unfit and therefore a subject for public care and assistance. Such examination established in states or cities in connection with labor exchanges where these are maintained, or in connection with hospitals, institutions for defectives, or police stations, would eventually create standards for differentiating employables and unemployables. A rational policy of separation would then be possible.

The present indiscriminate policy is indefensible. On every hand the statement is common that the unemployed are bums, hobos and vagabonds. Simply because a man is out of work, irrespective of whether he is fit to work, or desires work, or can obtain work, he is denominated one of society's undesirables. The same man at work is "the honest workingman," "the backbone of society," or "the fearless voter," et cetera ad infinitum, in political campaigns. The campaign over and he out of work — what a change in attitude toward him! "Lock him up" becomes the watchword. "Make him work — every man can find work if he wants to!" What a satire on intelligence and justice! At least let us be rational; let us find out whether a man unemployed can work, whether he is fit to work, whether he can find work, whether society ought to allow him to work. Justice industrially and socially to the unemployed means the definite separation of the employable from the unemployable. Only through such delineation of the issues will the duty and responsibility of society and industry toward the worker become apparent.

## PUBLIC VERSUS PRIVATE EMPLOYMENT EXCHANGES

In order to place the employable man at work the labor exchange becomes an important factor. This medium of securing employment takes two forms — the private employment agency and the public labor exchange. Of course, thousands of men have been and always will be able to secure employment directly without the assistance of any intermediary agent, official or bureau. Even were a national system of labor exchanges established with state and municipal branches, the majority of American laborers would be able to obtain their employment through personal negotiations with employers. In the beginning, therefore, it is well to eliminate from our minds the idea that any system of labor exchanges will be able to deal with the whole employment question.

On the other hand, the necessity of an employment agency or a public bureau arises under certain conditions whether in periods of unemployment or prosperity. Such conditions exist, for example, where all the positions in one community are filled, while there is a demand for employees in another community. The unemployed man finds it difficult to get in touch with employers in a distant community. He may neither have funds for transportation nor any information as to whom possible employers may be. The labor agent or exchange has facilities for securing information with reference to the prospective employer and in some instances may be able either to arrange for payment of transportation by the employer or to advance transportation.

Again the employer on his part frequently does not

maintain any employment office or department in connection with his establishment and therefore must resort either to advertising or to some independent agent through whom he may secure employees. Advertising is unsatisfactory from his point of view, bringing him many times hundreds of applicants for only a few positions. From these he must make selection after laborious questioning and waste of time. Obviously it is more satisfactory and economical, if he is able to employ an independent agent or bureau to weed out some of the undesirables and send him only those who come within the requirements which he lays down. By the payment of one or two dollars or perhaps more, according to the possible difficulty which may be experienced by the agent in securing a suitable man, the employer is relieved from considerable worry, loss of time and effort. Similar considerations apply also to the prospective employee who is seeking work. It is a great saving of time for him to be able to go to an employment agent, register his application, make known the kind of work which he desires and leave his address so that notice can be sent him in case any position may become open within the future. The exchange is the connecting link between the applicant and a large range of positions and does not interfere with his securing a position through other sources or other agents or through direct application himself. From both points of view, therefore, whether of employer or employee, the labor exchange is very convenient, and a very important medium for placing both of them in contact.

The principal medium of exchange so far has been the

private employment agent. Hundreds of these exist all through the country. It has been estimated that in the City of New York alone there are about 800 private agencies. Several hundred more are operating in other sections of the State. A recent canvass in Pennsylvania shows that 49 labor contractors and 146 commercial and domestic agencies carry on this business in cities of over five thousand inhabitants. The twelve leading railroads in the State alone reported the use of twenty-six labor contractors. A proportionate number are engaged in similar business in Illinois, Wisconsin, Ohio and other Middle Western States. Their activities are particularly noticeable in industrial States, and in communities where manufacturing, mercantile and commercial establishments predominate.

The private employment agent does not operate entirely upon a local basis. The large labor contractors and padroni generally engage in interstate distribution and transportation of employees. This is the case where the padrone is supplying labor to railroad corporations and contractors, for construction or repair work. The usual system of the railroad is to engage a labor contractor for a division. Thus a certain railroad in the State of New York utilizes an Italian padrone in Buffalo, New York, for the purpose of obtaining laborers for the Buffalo division of that railroad, and this padrone has been known to send employees for the company as far west as Indianapolis, Indiana. Another padrone for this company is located in New York City but supplies laborers for the company on the Alleghany division in western New York and the northern part of Pennsylvania. The

operations of these padroni extend across state boundaries. One railroad company operating through southern Pennsylvania and northern Maryland, at one time secured several hundred laborers from an Italian padrone located in White River Junction, Vermont. One of the largest railroad corporations in the United States, having lines from New York to Chicago, with branches into several eastern and central States, secures employees from an Italian labor contractor located in central New York. There is scarcely an agent in the country but what sends men outside of his own community or across a state line, if he finds the opportunity.

Exploitation by private employment agents is one of the crying evils in connection with the problem of unemployment. Everywhere workers complain of the malpractices of men engaged in this kind of business. A most common practice is to send men from one employer to another until the applicant becomes discouraged and finally gives up the effort to secure employment through the aid of the agent. If the applicant asks for the return of his fee, he is put off by the agent until another day. Sometimes the agent will claim that he has gone to great trouble in securing positions and will absolutely refuse to give up a fee. At any rate the agent rarely yields on the first or second appeal for a refund. This means that in time the applicant gives up all hope of securing it, preferring to lose the fee rather than to spend time in running after the agent. It is impossible to estimate how many thousands of dollars are lost annually by workers through the non-return of fees in case they are unable to secure employment through these irresponsible




agents. But it is fair to estimate that the number runs up into six figures and perhaps into millions when one considers the great number of complaints against employment agencies registered annually at police stations, bureaus of investigation and prosecuting attorneys having some jurisdiction over the enforcement of laws applying to this business. The annual report of the New York State Bureau of Industries and Immigration for the year 1913 shows that no less than ninety-nine complaints by immigrants against employment agencies were registered with this bureau. Foreigners, of course, are particularly susceptible. Not being able to understand the customs of the business and not familiar with the English language they are easily played upon by crooked agents. They are the chief losers through the non-return of fees.

Another common practice on the part of such agents is the issuance of false and misleading advertisements in regard to positions and employment. This is done to stimulate business. It is not infrequent to find that such advertisements are printed in foreign language newspapers to the effect that 100 or 500 men are wanted by a certain agent. The consequence is that hundreds of men answer these advertisements and register their applications. If, as is generally the case, the agent collects a fee of one or two dollars, and then it develops that only ten or fifteen men are desired, it is quite apparent how profitable this species of fraud may become to the agent.

Even employers are not free from exploitation. One railroad company states that it finds employment agents so unfair and unreliable in their dealings that this means

of securing employees is never utilized and goes on to state that "about three years ago, at the time of the construction of our line, it was necessary for us to organize a force of about one thousand men for track construction work. In securing these men, we at all times endeavored to avoid dealing with labor agencies, as it has been our experience in the past that labor secured through labor agencies proved most unsatisfactory. We have learned by experience that a great many of the so called labor agencies, when applied to, furnish and ship in a number of men and collect their fee either from an employer or employee. Then in a short time when labor is scarce will turn around and endeavor, and very often succeed, in inducing these men to go elsewhere to some other job, where they may again collect their usual fee. For that reason we always endeavor to secure our labor by other means than through the labor agencies."

Incidental to the private employment agency business is the so-called "padroni" system. The essence of this system is as follows: A labor contractor enters into an agreement with a railroad company or construction contractor to furnish all the laborers required in consideration that he be given the privilege of establishing the housing accommodations for employees and supplying them with provisions. Men are frequently sent from large industrial centers or cities to distant labor camps, where they are absolutely at the mercy of the labor contractor or his commissary agent. Frequently laborers shipped by the padrone are placed under contract at a city office to pay the shanty rent demanded by him and to purchase provisions from his commissary store. Upon arrival at



the camp where they are to be housed, they are compelled to live and sleep in insanitary quarters and are charged exorbitant prices for the most common necessities. The most serious evil, however, is this — the padrone's store account with the laborer is not checked or audited by the railroad company ordinarily. The usual practice is for the padrone, just before pay-day, to submit a statement of his account against the laborer, giving the laborer's name, his work number and the claim due. This is turned over to an official of the railroad company and the amount claimed due is allowed without further inquiry or investigation of the padrone's books. The company simply deducts from each man's pay the amount claimed and turns it over directly to the padrone himself or to an agent. The laborer is powerless to make known to the railroad company any objection he might have to exorbitant charges against him and is therefore not in a position to assert his rights. Even if he should desire to sue at law alleging an exorbitant charge, the delay necessitated by litigation would be too great to warrant prosecution for the small amount involved. Furthermore, he would lose his job through the intrigues of the labor padrone and in the end would suffer greater loss than if he had accepted the full deduction without objection.

Many private employment agencies throughout the country are unlicensed and subject to no regulations whatever. Agents engaged in an interstate business are subject to little regulation, least of all to any on the part of the United States Government. Only about twenty-five States provide for licensing and regulation and thirteen of these leave the matter to municipalities for enforcement

with a consequent lack of uniformity and efficiency. Of the forty-nine labor agents engaged in business in Pennsylvania only twenty-two were found to be licensed, while of the 146 commercial and domestic agencies only 129 were reported to be licensed. Ten agents supplying the largest amount of labor and doing probably more business than all of the other agents put together were under no regulation whatsoever. A similar situation exists in the State of New York.

The operations of all private employment agencies, particularly of those operating without a license, tend to throw confusion into the labor market. Even if all agents operated upon an honest basis, they would necessarily deal only with a small portion of the unemployed. The element of profit entering into this business necessarily eliminates applications by those unable to pay and consequently they are compelled to roam the streets in search of positions. Furthermore no matter how efficient the agent may be in securing positions for applicants it is still impossible for him to secure positions for each one applying. His only ambition is to secure some kind of a position, offer it to the applicant and persuade him to accept. It makes no difference to the agent whether the man is fitted for the position or the position to the man.

These last considerations show the importance of the public employment exchange, the functions of which would be not only to secure positions, but to secure positions suitable to the men applying. The reason for the operation of an exchange is the same as for the maintenance of the post-office department of the Government. It is a utility to which the public is entitled just as much

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as it is entitled to government transportation of mail. Admit that the worker is entitled to work, has a legal right to work, and the admission must also be made that he has just as fundamental a right to know where work exists and to ask the community to indicate where he may secure his position. Furthermore the community reaps a direct benefit from the prosperity of its workers, and it is a public duty to see that they are profitably and suitably employed. The public labor exchange has facilities for securing employment, information about employers and positions open, whereas the private individual has not. The very fact of its existence as a free institution will call employers' attention to it and eventually accustom them to its general use. Such an exchange, whether state or city, can get in touch with a larger range of employers and industries than the worker himself. Through the medium of a field staff visiting the various plants and establishments, the telephone, circular advertising facilities and personal application by employers, a large proportion of the vacancies available may be registered in the public office. It then becomes a matter of selection, of fitting a man with the proper kind of experience to the position according to the terms and conditions of the employers' application. The evils of the private employment agency are eliminated first, because neither employer nor applicant for employment are required to pay any fee, and second, because there is no incentive on the part of officials in charge to exploit either party applying for assistance. It is almost as easy and practically involves little more expense to maintain a system of public exchanges than to license, supervise, inspect

and regulate all private employment exchanges effectively.

Twenty-one states have now provided for labor exchanges. Ohio established the first public office in 1890. It now has a system of five exchanges. Nebraska was second in 1897, Illinois and Missouri both established offices in 1899. Kansas, West Virginia and Wisconsin followed in 1901. In the spring of 1914 the New York legislature established a system of exchanges and this year New Jersey and Pennsylvania followed suit by similar action on the part of its legislature. Germany and England both have labor exchanges, the German system being particularly extensive and quite efficient.

Proof of the usefulness of these bureaus is seen in the fact that they have been in operation in one State for more than twenty-four years, while the number of exchanges in each State has been increased from time to time. Illinois, for example, has increased its facilities until it now has no less than eight offices in the different sections of the State. Three States, Minnesota, Missouri and Oklahoma, have three exchanges. Three have four exchanges,—Colorado, Massachusetts and Wisconsin. Four have five exchanges,—Indiana, Michigan, Ohio and Connecticut. Of course the number of exchanges depends largely upon the number of large cities in each State, especially upon the industrial centers. The bureau in Colorado reports that during the year 1912-13 no less than 15,392 positions were filled, Connecticut in 1913 filled 8725 and the Illinois exchanges over 69,000; Indiana, 14,434; Massachusetts, 29,117; Michigan, 42,423; Minnesota, 63,339; Missouri, 14,439; Ohio, 67,425; Oklahoma, 13,292, and Wisconsin, 26,837.

The per capita cost of maintaining these agencies ranges from 18 cents in Michigan to \$1.67 in Rhode Island, but even though the per capita cost for securing positions was one dollar in every State, this would be far less expensive than maintaining unemployed men through public charity and relief.

How much better it is for the public to see its workers profitably and suitably employed than allow them to be thrown upon the State and municipalities as objects of charity at great cost to the entire community! "Better the worker in the job line than the unemployed in the bread line."

The possibilities of a public employment exchange are tremendous. If every industrial and agricultural State had an efficient system of exchanges, competent to deal with the whole problem of unemployment, whenever it occurred, our present chaotic condition in the labor market would be largely eliminated. Then with a system of national exchanges with authority to correlate and coordinate the work of all state and municipal offices the third great step necessary to a solution of the problem of unemployment would be taken.

It is unfair for society to demand that the unemployed must work under the dictum that every man can find employment if he wants to, unless it provides the medium through which he may obtain information about positions. When the country was new, and great expanses of virgin soil unowned and untilled stretched westward from the Appalachian chain; when work was abundant, and meager factories yearned for labor to turn their wheels, then the dictum society flaunts in our faces was

unanswerable. To-day it can be answered, for no longer are the many free to settle upon unclaimed land. Prices and rents are high and gradually going higher. Farms are large and the man who has already plenty of property is possessed with an insatiable desire to acquire more. Factories, industries, transportation facilities, all are controlled by large corporations or combinations of capital. This is indeed the day for big business, organization, system. The worker can no longer apply himself at a business, he must seek a trade. Each rising generation finds the world more crowded, competition greater, opportunities for independent advancement fewer. Plants that once employed ten men now employ a thousand. Once they were shops, now they are called industrial establishments. Landowning, business, industry, everything is conducted on a large scale. Our population has increased and immigration contributes to the increase. Every man cannot buy land or start a shop, a factory or mill. How then can we expect a man to make or find work under all conditions? Society must furnish the means, for it creates the conditions into which the worker is forced. Its complexity confuses the individual, limits his opportunities and controls his employment. Must it not compensate him by finding the work in which it dictates that he must engage?

#### REGULARIZATION OF EMPLOYMENT

Before any adequate solution of unemployment is possible, it is necessary that some control be exercised over employment itself. Thousands of men belong to the ranks of casual workers because their employment is ir-



regular. The cycle of seasons is accompanied by changes in industry, agriculture and work. Farm activity begins in the spring and continues into the fall. During six months of the year farm labor is very much in demand; in fact the demand exceeds the supply. But when harvesting is over the farmer is content to discharge his extra help and turn him upon the labor market. The employee has served his term and has no further value on the farm. Hence he goes forth in search of a position in industries whose activities begin in the fall. These, however, are not sufficiently numerous or large to absorb the great number of seasonal workers and at the same time take care of the regular workers.

The same situation arises during the summer within the agricultural occupation itself. The Middle West states demand from forty to fifty thousand extra men annually to harvest wheat. The season begins in Kansas and moves northward as rapidly as wheat ripens. The force of men moves with the season. To a degree this gradual shifting northward provides the men with fairly steady work for the summer, although considerable waste of time and income results from hunting new positions.

Regularity of employment may be traced eventually to regularity in sales. When orders are coming into an establishment from month to month with slight deviations in the number each month, it is necessary for the plant to have a steady force on hand to produce the articles with which to supply the demand. On the other hand, when orders begin to fall off, it is not necessary for the plant to produce as many articles and consequently the working force may be cut down. This is particularly

he case with those products which depend largely upon style and the whims of society. Take for example the paint industry. The clean-up campaign in the spring calls for the use of considerable paint at this time. Consequently, in order to produce sufficient material to supply this demand, production is stimulated during the winter months. A large number of men must then be taken on. When the demand for material has ceased, then the working force is correspondingly cut down. This fluctuation in business naturally affects the labor market, throwing men into the streets in search of employment.

Many industries are affected by fictitious prosperity and over-produce in great quantities. Accompanying over-production goes an increase in the labor force. When the period of prosperity ends, production is decidedly cut down and with it the working staff. The process is simply this — over-production, over-employment under-production, unemployment. This type of industrial concern may properly be criticized for its business methods. It does not respond to the natural law of demand but endeavors to stimulate demand. Business which engages in this practice ought to be under some kind of social regulation, having in view the regulation of production and the regularization of employment.

The problem of unemployment is, under all conditions, a problem of industry and not a problem of labor. It makes little difference whether the industry is engaged in legitimate or illegitimate practices, whether the normal fluctuation of orders or the fictitious stimulation of demand is the cause of unemployment. The fact is that it is industry and business which controls employment, and

the state of business determines whether men are to be withdrawn from or thrown upon the labor market.

The study of unemployment in Pennsylvania last year disclosed that the minimum number of employees occurred in most plants during the first half of the year. Thus of 802 industries tabulated, 118 of these companies reported a minimum in the month of June, 1914; 116 in the month of May; and eighty-eight in the month of January. On the other hand, the minimum occurred in a relatively small number of industries in the months of September, October and November, 1913. The greatest amount of unemployment occurred during the months of December, 1913 to June, 1914. These results were based upon a circularization of industrial concerns within the State, but are borne out in the State of New York by a circularization of the representative trade unions by the Department of Labor. A recent bulletin of the Department shows that in 1914 unemployment was greatest during the months of January, February, March, November and December, 1914. Unemployment began in January with 32.3 per cent., decreased slightly in February to 30.7 per cent. and in March to 28.3 per cent. In April it fell almost 5 per cent. and remained practically at this level during May and June. July witnessed an increase to 32.5 per cent., with August at 30.3 per cent. September showed a decrease to 25.3 per cent. and October stood at 24.9 per cent. Then came the upward jump to 35.8 per cent. in November and 35.7 per cent. in December, thus demonstrating that the last two months in the year and the first two or three months of

the year show the greatest amount of unemployment. The average percentage of unemployment for the years 1902 to 1913 demonstrates substantially the same variations in employment.

While these fluctuations in employment in Pennsylvania and New York cannot be taken as an index to fluctuations in other States, yet they do demonstrate that there is a substantial irregularity in employment with which industry and society must deal. How to overcome this irregularity is the fundamental element in the problem of unemployment. Inasmuch as these fluctuations depend not upon the labor market but upon the status of industry from time to time, it is apparent that we must treat the question as an industrial problem and endeavor to seek some solution in the organization or administration of business itself. Some rearrangement, either with reference to solicitation of business, filling of orders, or publicity, must be adopted in order to stabilize business sufficiently to reduce normal unemployment to a minimum.

That this can be done has been demonstrated by a number of large industries. The manager of a large clothing concern in Chicago states that "Years ago the system in vogue in the tailoring industry was to employ as many people as were needed for the busy season, and then to make wholesale discharges when the slack season came. The tailoring business is seasonal — it consists of rush seasons and of slack seasons. On this account it was considered absolutely necessary to take on and lay off men to parallel the business in hand.

"This procedure, however, is no longer followed in

our shops. We aim to keep our organization as nearly intact as possible the year round. This is necessary, we consider, in order to obtain the highest efficiency.

"Obviously it is not practicable to keep idle men in the pay-roll during the slack season simply in order to hold the organization together. We had to find some way to keep them at work the year round. This problem we solved by lengthening our selling seasons. During slack seasons we manufacture surplus goods which are sold at bare cost, and often at a loss. This plan keeps our workers busy and also enables consumers to buy goods at certain periods of the year at special prices. It benefits every one concerned — ourselves, our workers, our dealers, and the public.

"We have made it a fixed rule in our shops to divide the work equally among all our workers, so that none is discharged on account of lack of work. If any part of the work is changed or abolished, the workers who have been employed on it are transferred to other positions. This plan has proved satisfactory to the employees and the Company.

"There is no such thing in our shop as summary discharge. Every employee has a right to be heard and appeal to the Board of Arbitration and retain his position unless a sound reason for dismissing him can be shown."

Another large plant — a paint company — found a solution for irregularity of business and of employment by carrying on an extensive publicity campaign. The manager of the sales and distribution department states that "The time was when two thirds of our business was

done during the Spring: the public had the idea that the only time to paint was in the Spring. This condition naturally resulted in uneven working conditions throughout the entire business. We were forced to mark time to the ingrained public habit of cleaning and brightening up buildings and houses only once a year, instead of keeping them in first-class condition all the time.

"Our first step was to launch a 'Paint-in-the-Fall' campaign. This gave us two busy seasons a year, but we were still slack in the in-between-seasons.

"To overcome these dull seasons we prepared other educational campaigns along the same lines. We launched a 'Finish-for-Floors' campaign, and brought out the fact that old fashioned carpets were unsanitary — showed how old floors could be refinished with paints and varnishes and rugs used. This made it possible and desirable for painting to be done in the winter. One plan followed another until now we have educated the consumer to use paints and varnishes the year round.

"Our business is world-wide. In our efforts to keep our monthly sales volume at about the same average, we make a close study of climatic conditions and crop conditions. For example, in the winter, little outside painting is done in the northern States and in Canada. We, therefore, make a special effort to push forth business during that period in the southern section of the United States and in tropical and sub-tropical countries.

"In the temperate zone the big consumption of paint for house paintings is during April, May and June, and in August, September and October. During the other months of the year we push hard on specialties, such as

interior decorating, paints for use by manufacturers, and the like.

"The use of these methods has enabled us to overcome slack seasons and to transact a larger volume of business spread equally over the entire year. To-day our monthly sales volume averages about the same the year round."

What better proof can be found of the possibility of regularizing employment than in these actual experiments of large industrial concerns? The belief of most industries that it is impossible to regularize employment is certainly contradicted by the statements of the two managers referred to and most emphatically denied by one executive who writes that "To-day our sales not only average about the same each month of the year, but also show a goodly percentage of increase each month." Benefits therefore are mutual to employer and employee, keeping the plant running at a regular rate of production from month to month and the working force employed with equal regularity throughout the year. The impetus to industrial regularization is the greatest obligation due the unemployed from society.

In justice to the unemployed, the truth should be ascertained. How many are unoccupied? Who are they and what are their trades? Why are they unable to secure work? Is it because they are sick, maimed, or mentally deficient? Or if they are physically and mentally capacitated, is it because positions do not exist? And if positions do not exist, why not? Is business bad? if it is, why? Is it because industry is badly organized — its solicitation of orders inadequate or ill-timed, or publicity methods chaotic? Is it because industries are

seasonal and employment in one not correlated with that in another? Is it because industry over produces? If positions do exist, why can the unemployed worker not reach the place where work exists? Is the work too far away? Are transportation facilities inadequate or too expensive? Or has the State provided no medium of intercommunication between prospective employer and employee — a public labor exchange?

It is the responsibility of society to ascertain the facts about unemployment, to separate the employable from the unemployable, to provide public employment bureaus, to regularize employment by coöperation with industry if possible, or by legislative process if necessary.

It is the duty of industry to recognize the dependence of labor upon industry, to acknowledge the debt it owes labor for the application of productive power without participating in the profits of the business, to understand that when workers are employed and trained in specialized form of production, their claim upon the business for continuous consecutive employment is not to be denied but is accompanied by the right to be heard before discharge, to organize the solicitation of orders and regularize employment, and to assume general responsibility for the welfare of the employable workingman.

Justice so far has seen through a glass darkly. She has failed to see truth as it is with a clear vision. The plea for work she has considered an individual matter, not a problem of industry and society. She has favored the strong as against the weak and placed the burden of proof of inability to find work upon the shoulders of the unfit, the weak, the maimed, the blind, upon the helpless



victim of the industrial machine. She has accepted too many assumptions of law and fact in dealing with the man out of work.

"The quality of mercy is not strained," but the unemployed cry not only for mercy but for equal opportunity in the struggle for existence. They cry for the opportunity to work, to earn a living, to provide for themselves, their wives, their children. They cry for the opportunity to live, to enjoy the necessities and some of the comforts incident to the social and economic life of the age. They seek the advantages of schools, of training, of culture, of social relationship, of recreation, of home. Toilers in the world's workshop, they want a chance to work and thereby to live.

In the administration of industrial and social justice, the worker, employed or unemployed, must receive his due, before civilization can progress and the evolution of American democracy unfold.

Why should the man who labors with his hands be "the under-dog"?

UNEMPLOYMENT A PROBLEM OF SOCIETY  
AND NOT MERELY A PROBLEM  
OF INDUSTRY

By

GEORGE H. VONTUNGELN

ASSOCIATE PROFESSOR OF APPLIED SOCIOLOGY  
IOWA STATE COLLEGE



## CHAPTER VII

### UNEMPLOYMENT A PROBLEM OF SOCIETY AND NOT MERELY A PROBLEM OF INDUSTRY

THE problem of unemployment is not a new one even in the United States of America, but it is certain to grow in scope and to increase in severity unless we meet it in a more scientific and systematic way in the future than we have attempted to meet it in the past. A problem, the causes of which are so deeply rooted as are the chief causes of unemployment, can never be successfully met by mere spasmodic doling out of bread to those in the bread-line, at times when the stress of slack times and dull seasons is somewhat heavier than usual. In this country we have as yet passed very little beyond this stage in our endeavor to meet this problem, which is nevertheless of vital interest to every man, woman or child who makes this land his home. By the law of Divine Providence it has been commanded that men should eat bread by honest labor or the rendition of honorable and legitimate service. This is also the mandate of nature, namely, that in case it does not supply man with all his needs gratuitously that he set to with hand and head to supply the deficit in some way. If, then, the Divine Providence did not blunder in this, and we have no grounds for assuming that He did, and since we must

abide by nature's mandate, whether we like it or not, then it follows that society owes every man a chance to make a living in harmony with these laws, and on the other hand, every man owes it to society to make his living in harmony with these same laws. This does not mean, however, as I shall try to show later, that children should be compelled to earn their own means of support, and in some cases that of their elders, during those years when the greater emphasis should be put upon their learning something instead of earning something, so that they may be the better equipped to earn more later. It does mean, however, that we are not to let ourselves be fooled into believing, by the *work-shys*, that society owes them a living, and that they have met their part of the responsibility when they present themselves at our back doors or to our charity organizations to ask for the same. No, society owes every man a righteous opportunity to make a legitimate living and every man righteously owes it to society to seize upon the best legitimate and available opportunity that presents itself and make out of it what it has for him, namely, an honorable living. If this is true, then it follows that society breaks its solemn trust with its individuals if it permits any of them to get a living in any way except through honest labor or by means of honorable and legitimate service.

This is at once obvious when we remember that society is comprised of individuals, men, women and children, and that it is these individuals and not society who are face to face with the problem of getting a living. It is impossible for all men to get a living out of society if no man puts anything into it. And if this is impossible for

all, then it is wrong for some to get a living that way; that is, to reap where they have not sown. It is likewise demoralizing to the individual who does get his living in this way. We observe on every hand that this is so, and that such is to be expected follows from the fact that it is contrary to the fundamental law laid down by Providence: "In the sweat of thy face shalt thou eat bread." How long? "Till thou return to the ground."<sup>1</sup> From this, it follows that neither poverty nor wealth is an excuse for men to get a living through idleness or without rendering a legitimate service therefor.

Upon this same principle are nations founded, and to the extent that their citizens carry out this principle in practice is their existence secure, both economically and morally, for in the last and highest analysis there is no incongruity between economic and moral laws. There cannot be such an incongruity if it is rightly believed possible for one and the same individual to live up to the mandates of both. It would not be possible for the same individual to live up to the letter of two different laws that are incongruous with each other, for in living up to one of these laws he would be violating the other. It would be folly, even impossible, therefore, for either a just Providence or a fair government or body politic, whether it be an absolute monarchy or a free republic, an aristocracy or a democracy, to attempt to hold an individual accountable for a thing that is itself impossible. Then, too, only to the extent that men put more into society than they take out of society is it possible for civilization to continue its march forward, for civilization

<sup>1</sup> Genesis 3, 19.

is the measure of men having put more into society than they took out of it.

We are told that we have now regularly about three million persons out of employment month after month, and year after year. We shall therefore probably have always with us the problem of unemployment, at least to some extent. To the extent then that we have this problem with us will there be a call for its alleviation, but unless we also do something that shall succeed in the prevention of any far reaching unemployment under conditions that are fairly normal, we will some day face a problem of unemployment at a time of more than usual stress, that is beyond all alleviation through any measure that has yet been used. In our problem of unemployment we are facing a situation that will sooner or later threaten the very principles of democracy upon which our national life rests, unless we face this problem in a more scientific and rational way than we have in the past. This problem, therefore, challenges the very best and sanest thought, foresight and counsel, of all citizens who have anything whatever in the way of such thought, foresight and counsel to contribute toward its solution. In its solution there is something for the employer, the employee, and the public generally, who do not come directly under the caption of employer or employee, to wrestle with. Its solution will demand the honest effort and coöperation of the best there is in all of them. It is not a problem, the solution of which will be found in political chicanery and palaver, of the parties that do not happen to be in control accusing the party in control of being responsible for it, and that its solution lies in the voting out of power the

accused party and voting into power one or the other of the accusing parties. It is a problem that is bigger than any one party and therefore its solution lies farther back and deeper than mere planks in political party platforms, which are intended more for vote catching than for solving civic problems. It is not a question of political parties at all but a matter of men citizens of a nation, getting together on a great civic, not political, issue of national extent.

In order that the reasoning throughout this paper may be the more clear, it will not be amiss to enumerate, at this time, the principal factors or propositions upon which that reasoning is based.

1. From the very beginning of the human race men have been face to face with two fundamental propositions, or responsibilities and obligations. They have been face to face with the responsibility of getting a living, and with the obligation of living with and among their fellowmen. Inherited wealth may relieve a few from the pressure of the responsibility of earning a living, but neither wealth nor poverty makes it possible for man to escape the obligation of living with and among his fellowmen. If, then, civilization has grown up in harmony with these two fundamental facts, as it seems to have done, then it must also be possible for men to meet this responsibility and this obligation in an honest and intelligent way.

2. With the advancement of civilization comes an ever increasing intensity of the interdependence of men. That is to say, with the constant increase of the division of labor in our labor system we tend more and more toward the specialization of men as workmen, but, at the same



time, with the advancement of civilization and the growth of democracy, through the extension of the franchise and representative forms of government, we also tend more and more to make of these specialized workmen generalized citizens of society. The man who merely tacks the heels on the shoes we wear follows a more specialized line of work than did our great-grandfather, who not only made the entire shoe, but also made his own house, tools, etc. Our contemporary is more dependent upon the rest of us than was our great-grandfather upon his contemporaries, and this in turn compels our contemporary to keep himself better informed concerning the activities and welfare of the rest of us, for his very existence depends quite as much upon what his contemporaries do as upon what he himself does. Our great-grandfather was not so dependent upon so many of his contemporaries. In the pursuit of shoe-making alone he did all the lines of work that two hundred different persons do now.

3. Society owes no man a living but it does owe all of its citizens an opportunity to make an honest living, while all men owe it to society to make such a living. Social progress and a greater well-being are possible only to the extent that men put more into society than they take out of it. If, then, social progress, greater well-being and an advancing civilization are things that men should strive to promote, then it follows that society owes every man the very best possible opportunity to make the kind of living that will promote these to the highest degree and every man owes it to society to do the most it is possible for him to do to so promote them. This may even mean that it would be desirable to make a second-class black-

smith out of a first-class lawyer, if in being a second-class blacksmith this first-class lawyer can do more to promote social progress, human well-being and civilization. Man renders to society the highest and greatest returns only when he is serving society in the position where it has most need of his services.

4. Child labor, when looked at from any point of view whatsoever, except the present commercial standpoint, is the most expensive labor there is. This is true even from a purely commercial standpoint when the entire productive period of the individual is taken into consideration. The child placed at work at the age of fourteen on some *blind alley* job and never given an opportunity to learn a trade or prepare for the pursuit of some vocation other than that of unskilled labor, of which there is already a surplus as compared with highly skilled and professional labor or service, will never be able to produce much more from day to day than he must of necessity use for his own consumption, while the man who takes until he is twenty-five or thirty to prepare for the pursuit of a vocation in which there is more of a dearth of men will be able, in an average life period, to repay all he and society have put into him while preparing for this work and then leave a larger surplus than the boy who began on a *dead-end* or *blind-alley* position at fourteen, and who, when he had outgrown that, was forced into the class of the unskilled, a class already overcrowded, and too often to sink from this class into the unemployable class. But more than that, the child forced to begin work at fourteen does not have a fair chance to prepare for citizenship. The cub does not hunt for the parent animal, the kitten does not

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mouse for the cat, the chick does not scratch for the hen, then, why should man, who is greater than all these, stoop to a yet lower level and make the child produce for the adult?

5. There is a very common notion that unskilled labor is poorly paid because it is unskilled. This is an absolutely erroneous idea. Unskilled labor is more poorly paid than skilled or professional labor for the reason that there is much more of it in proportion to the demand for it than there is of skilled labor and professional labor in proportion to the demand for them, and for this reason only. If there should ever come a time when unskilled labor should be as scarce, proportionally, as skilled and professional labor, it would be paid the same compensation for equal time spent. If it should ever become proportionally more scarce it would be paid better, were it not for the fact that in that case some of the skilled laborers would fall back into the unskilled class, and so soon lower the wage of unskilled labor to the level of skilled and professional wages. There is nothing that would prevent skilled and professional laborers from doing this while it is impossible for unskilled laborers to rise to these classes without first becoming skilled or professional laborers. It is this that must be kept clearly and constantly in mind when trying to solve the problem of unemployment. Things must be looked at and faced as they are and not as some narrow-minded crank would have us believe they are, if we expect to set the stakes along the road to the solution of the problem ahead.

6. Labor, like all other articles of consumption, is a commodity on the market, and like all other commodities

on the market, its price will be determined, primarily, by the law of demand and supply. It is true, labor differs, in some ways, to other commodities, but these differences have little, if any, influence upon the operation of the law of demand and supply in its relation to labor. These differences merely emphasize all the more the concern society should have about allowing any of this product to go to waste, either through lack of employment or through lack of the most efficient and effective employment to which it could be put, either without additional preparation or with additional preparation. These differences are chiefly these: (1) It is men's labor that is the commodity on the market and not they themselves. When a man buys a machine he secures its labor, but when he buys a man's labor he does not thereby secure the man as his own personal property. The laborer sells his labor, not himself, the machine is itself bought for the services it will render. (2) The laborer and his labor, especially in case of the unskilled laborer, are inseparable. The laborer must deliver his labor personally and on the ground, so to speak. The machine may be stationed one place and deliver its product or power at another place, or its source of power may be one place and it at another. The unskilled laborer cannot do this. (3) The laborer's product is perhaps the most perishable of all commodities on the market. If he is not employed, or while not employed preparing himself for more efficient and effective service when again employed, both he and society are losing that time, for a period of absolute idleness is not likely to lengthen the time of a man's life to the extent that he can put in the lost time at the latter end of life and so make

good the time lost. It is more likely to shorten his life and so actually cut shorter what would have otherwise been his natural stretch of life, and so cause an additional loss to society. If a machine stands idle for a time this period is not usually cut out of its period of service, but merely results in the machine being worn out that much later. This is not true in the laborer's case. But it must not be overlooked that these peculiarities of labor do not in any way interfere with the operation of the law of demand and supply on labor, unless it be that it actually results in this law operating more rigidly in the case of labor than in the case of other commodities, which is probably true.

#### CAUSES OF UNEMPLOYMENT

If the scriptural edict, that man shall eat bread by the sweat of his face, and which, when translated into the principle upon which civilization and democracy rest, namely, that for services received society promises to pay to him who renders it, is true and sound, then it must follow that in a society built up and operating in harmony therewith, there would be no involuntary unemployment. Where there is a society, therefore, with involuntary unemployment some one, or perhaps all three, of three things must be true. Either there are too many job-hunters in proportion to the job-furnishers, or there are cases of the jobless men not finding the manless jobs, or there are too many men who can, will, or are permitted, by their unions, to do only one particular kind of work, in proportion to the number who do other kinds of work which in turn create a demand for their work. The three great causes

of unemployment may, therefore, be stated as: (1) too many job-hunters in proportion to the number of job-furnishers, (2) too many cases of jobless men and manless jobs not finding each other, and (3) too many men who are able to do only certain kinds of work in proportion to the number of men who are able to do other kinds of work and which create a demand for the labor of these men. And the chief causes of these causes are: (1) Child labor and lack of vocational training, (2) Too great a proportion of certain kinds of laborers, largely a problem of immigration, (3) Seasonal industries and the objection, on the part of some labor unions, to have their members work at other than their regular trades, which may be justified in itself, but which nevertheless is a factor in the unemployment of certain men at certain times, and must therefore be considered along with the other causes of unemployment, and (4) Dissipation, restlessness, poor health and mental and physical abnormality, all of which tend to produce in the individual a lack of ability, stability and a full appreciation of responsibility demanded by modern industry and the professions. This last cause is to some extent, at least, a consequence of the other three, but nevertheless a great force among the factors or causes of unemployment. These four causes of the direct causes of unemployment may now be considered more in detail and in the order mentioned. In considering these causes, what seems to the writer to be some of the chief remedies for unemployment will also be pointed out. In this connection, it will also not be amiss to call attention to some of the worst accompaniments that are found to go along with these causes of unemployment,

which are, however, not themselves such causes, but rather other disgraces to humanity and societal failures.

#### MEASURES OF ALLEVIATION AND PREVENTION

Child labor is one of the chief causes of unemployment; unemployment of the child when he becomes a man as well as in some cases the present unemployment of the man, perhaps the parent of the child. If this problem is met it will mean both a factor in the prevention of unemployment at present and in the future, and a factor in the alleviation of the unemployment of the present. If the beasts of the fields do not compel the young to procure sustenance for the adult, why should man, who is greater than these, compel the child to produce for the man? The answer to this question alone should solve our problem of child labor.

There is but one ground on which child labor can be justified, that being the case where the child can learn while he earns, and where the emphasis is put on the learning instead of on the earning. Even in this case the work must be moderate. That is to say, child labor can only be justified where the child, while working, is learning some trade or profession which will assure him a good means of getting an honest living for life, or is engaged in a line of work in which he can begin in youth and pursue with possibilities of promotion and success to old age. No *blind-alley* trade or *dead-end* position which merely employs the child or uses the child's labor until he grows up to be a man and then can no longer offer him employment and promotion is a justifiable employment of that child. Such utilization of his labor without prepar-

ing him for a man's position when he becomes a man, on the one hand, and utilizing his time while he should have been learning a trade or profession, on the other hand, thus leaving him now unable to meet the obligation which he owes to society, namely, to make an honest living for himself, is criminality, not justice. And the society which permitted, in many cases, the greed of parents, in some cases, the poverty of the parents, and the greed of employers to make it impossible for this child, now a man, to fulfill this obligation to society is itself the criminal, and not he. He is merely its agent, the victim of circumstances over which he neither has full control nor of which he could perceive the outcome. That same society would not permit this child to handle, before he is twenty-one years of age, \$100 that he may have inherited; then how can it justify allowing his parents and his employer to take \$100 out of him in labor, and do it in a way that does not equip him for getting on advantageously later in life?

That the society which permits the kind of child labor that has just been described loses heavily in three ways, to say nothing of the injustice to the child, is readily seen. First, we are told repeatedly that the highest salaried or waged labor is cheapest. The statement of one employer may be cited here: "In our factory, for instance, we have very many girls and women who earn \$12 to \$20 per week. Our scale of wages runs all the way from \$4.50 up, but the cheapest employee we have is the one who earns \$20 — that goes without saying."<sup>2</sup> But it is only

<sup>2</sup> Stated by Mr. Lowney, of Boston Chamber of Commerce, before the First National Conference on Unemployment, February 27-28,



too well known that the average person who begins work at the lower end of unskilled work as a child, and who therefore has not had any vocational training, seldom reaches the position that pays the highest wages or the largest salary. There is a gulf between the unskilled and skilled lines of work that is not often crossed by the workman who began work without first having some vocational training. Three quarters of a century ago this preparation for the skilled position was secured while serving an apprenticeship, to-day it must be furnished by our continuation and vocational schools and vocational guidance if we are to eliminate one large part of our involuntary unemployment in the future. Second, it is also well known that the earning capacity of a child who begins work after the age of sixteen or eighteen soon overtakes and ever after surpasses that of the child who began work at the age of fourteen, where the one has had additional training beyond the age at which the other went to work.

Acting Superintendent of Schools Jackson, of Minneapolis, has made a study of the capitalized worth of the average eighth grade graduate, and of the average high school graduate of that city. He found that the average eighth year graduate earned \$240 a year the first year out. This would give him a capitalized worth, at 6 per cent., of \$4,000, while the average high school graduate earned \$600 the first year out, which at the same rate would ascribe to him a capitalized worth of \$10,000.<sup>3</sup> Other studies have been made which reveal the value of addi-

1914. "Proceedings of the First National Conference on Unemployment," p. 259.

<sup>3</sup> *Christian Science Monitor*, March 2, 1914.

tional training both in the ordinary schools and in trade or professional schools.

A third great cost to society of permitting children to go to work before they have even begun to learn a trade is found in the fact that so many of them are only casually employed between the ages of fourteen and sixteen, and then usually at enervating rather than energizing work. The reports of social workers and the records of Juvenile Courts show that a surprising number of boys come to grief during these two years. That the majority of these boys, who have only their untrained hands to work with, must accept any kind of employment and usually such as offers neither a future nor steady employment is well known to all who are even partially acquainted with the industrial machinery of the age. All of this is of course due to two chief causes: (1) That the child goes to work before he is prepared for it and must therefore usually be satisfied with an unskilled and temporary position, and do work which is too often of the enervating rather than energizing kind. This condition will grow worse as time goes on because energizing work is constantly decreasing and enervating work is increasing with the increased use of the machine, with its monotonous rhythmic movements of the machine feeder, the physical worker, who himself virtually becomes a machine in the process. And (2), because he has had no vocational training, and, what is just as bad, if not worse in cases of this type, no vocational guidance, the boy so often places himself so inappropriately and incompatibly. Take for example, as the writer once heard Jane Addams say: "Imagine a big and clumsy boy, who likes to do outdoor

things, who likes to lift with his heavy muscles, while he pictures to his own mind himself a pirate on the high seas, doing good work when he is put into a factory to fasten eyelets into shoes at the rate of two cents a case."

But some will say that certain industries could not exist were they not permitted to utilize child labor, or that economic pressure makes it necessary for some children to go to work at the age of fourteen.

The answer to the first part of this vicious plea is merely that any industry run on a commercial basis which must of necessity utilize the labor of the child at an enervating and *dead-end* kind of work and thus often set him adrift when he grows up to be a man, only to be replaced by another child, while he is left to join the ranks of the unskilled, which so often means unemployment, and perhaps drift from this to the unemployable class, has no right to exist. The only basis on which any commercial industry or enterprise can be justified is whether or not in the operation of that industry and through the final consumption of its product there is put into society as much or more as there is taken out of society by it or its operators. If this is not the result of its existence and operation then it is parasitic and murderous. And the society which permits such an industry to exist for a day after it is discovered is an accomplice, if it still expects the workman thus cut adrift to still meet the obligation it puts upon him, namely, to make an honest living, for it has broken its sacred trust with him, namely, offering him a fair opportunity to make such a living.

The answer to the second part of this plea is twofold:

(1) That economic pressure accounts for and makes it

necessary that child labor, even enervating child labor, be not prohibited finds not nearly so great a basis in fact as is assumed. It is too often assumed that it is the poor widow's children who make up the major part of the army of child laborers. But the truth of the matter is, as is well known to social workers, that the poor widow is usually found at the wash-tub or other employment so as to keep her children in school. Investigations reveal the fact that only from one-fifth to less than one-half of the children who are sent to work at the age of fourteen had to be sent to work because of economic pressure upon the families from which they came. One case may be cited. A study made by the United Bureau of Education (Bulletin No. 17, 1913, A Trade School for Girls) of the condition under which girls go to work in the cities of Worcester, Somerville and Cambridge, Massachusetts, revealed the fact that "55 per cent. of these girls came from really comfortable homes, and one-half, on a very conservative estimate, left school without economic pressure." In case of those families where economic pressure does make it necessary for the child of fourteen to add his mite to the family budget, even though it must be earned at enervating and *dead-end* work, it would be far more economical for the State to add the amount he so contributes to the family income out of its own treasury, with proper safeguards of course, and on the principle that the child actually be kept in some school which seems best equipped to qualify him for the position he is most likely to occupy later. In this case, society would lose his labor for a few years after he is fourteen but would be far more certain of having his services, more efficient

services, at continuous employment after he is 20. It would also have given him a fair opportunity to properly prepare himself to meet the requirements that it will make of him later. That this is a wise line of action is already recognized in our Widows' Pensions Acts and provisions for scholarships that have been made by several States of the Union on behalf of needy children.

The writer's conclusion on child labor is therefore as follows: Children working in moderation and at energizing work, which includes most of the work still done in the open air and which makes for progress, offers no particular grounds for worry. This kind of child labor is not likely to greatly swell the ranks of the unemployed and unemployable. Child labor that is of the enervating kind, of the *dead-end* and *blind-alley* type, which makes for retrogression rather than progress, as is the case of so many of our urban and indoor industries which utilize child labor, is a basis for great concern, so much so that it should be absolutely prohibited, for when the entire productive period of the individual is taken into consideration it will cost society much more than it brings to society. Such enervating and automatic work develops the lower brain centers which have to do with the controlling of habits at the expense of the higher brain centers which have to do with the development of intellectual capacity and constructive deliberation. In other words, this kind of work produces a bundle of habits without brains to direct them. Fifty-four or sixty hours of this kind of work a week for children under eighteen years of age is not the type that will produce the kind of citizens needed

to hold steady the reign of a government that is "of the people, for the people and by the people."

Another great cause of unemployment is the excess of certain kinds of labor in proportion to other kinds of labor which create or make it possible to utilize this particular kind of labor. This is largely, although not entirely, a problem of the immigration into this country of armies of job-hunters while so few job-furnishers come, and nearly all of these job-hunters are unskilled laborers, of which we have already an undue proportion.

We should face the facts as they are. Our earlier immigrants came to us and furnished their own employment. They settled on our land and thus furnished their own jobs. They were job-hunters and job-furnishers all in one. They caused us no concern about unemployment, neither were they subjects for exploitation by those job-furnishers whose chief purpose in life seems to be that of piling up a material fortune through over-work and under-pay of their fellowmen. Our present immigrants, are, in the main, of just the opposite type. They are job-hunters only, and since they are almost wholly unskilled they become easy subjects for exploitation. Their ignorance of conditions in this country, their being unable to speak the language of the land, their economic condition which makes it absolutely necessary that they secure employment early, if they are not to become charges of philanthropy, and their lower standard of living, which causes them to accept almost any working conditions, makes their exploitation all the easier for those who wish to resort to the exploitation of these unfortunates.

But we hear it said that we need more and cheaper labor. Let us not be fooled by selfish talk. Who is this that needs cheaper labor when *the first law of social progress, greater human well-being and an advancing civilization is better paid labor and better working conditions for labor?* Too much of the talk of the need for more cheap labor comes from a certain type of employers of labor who consider that there is a scarcity of labor up to the point where there is one man standing idle for each man they have employed so that in case the man they have employed should strike for higher wages and better working conditions they would be in a position to substitute the man standing idle, and waiting for a position, for him. In this way these employers have the most effective check that there is on strikes and demands for higher wages and better working conditions without giving the appearance of putting themselves up in opposition to better conditions and more humane consideration of the working classes. There is no scarcity of labor long before this point is reached, and no society is justified in permitting such a condition even being approached. It is not fair to our better class of employers, to the workmen, or to society as a whole.

As to the statement that certain industries must have a supply of cheap labor in order to exist, but one reply can be made. This is the same reply that was made to the need of child labor, namely, that any commercial industry that cannot afford to pay its laborers a living wage has no just claim for existence. Such a condition is absolutely incompatible with the greater promotion of social progress, greater well-being and the advancement of civiliza-

tion, and if these have a right to be, then such a condition has no right to be. If society is to be its best, then all the interests of society must be promoted and there must be no promotion of the interests of certain individuals at the expense of the interests and well-being of others.

The way to meet this cause of unemployment, the surplus or excess of certain kinds of laborers, is to check it at the source, to check the supply until the demand equals the supply and then permit the two to increase in proper proportions. No nation is justified in permitting persons not prepared for the stress and strain of its work to be imported and then stand silently by and see some of its captains of industry drive these unprepared individuals to the point of intolerance. But a nation is also not justified in requiring less of these people than it does of its native born. There can be no two levels of requirements if justice to all is to be achieved. Nor is a nation justified in permitting citizens of another land with a lower standard of living to come in direct competition with its own citizens of a higher standard of living. This cannot be justified if its own ideal is social progress, greater well-being and the advancement of civilization. That there is such a competition cannot be denied. It is both direct and indirect. When a million unskilled foreigners come to us the million unskilled Americans whom they displace are not at once promoted to foremanships, as our advocates of the open door policy would have us believe. Foremen are not used in that proportion. Some of them do become foremen, it is true, some of them are gradually absorbed in other lines, in many cases only to tend to overcrowd these lines, while still others are left to com-



pete with those persons of a lower standard of living or to join the ranks of the unemployed or unemployable. This foreign labor also competes with the skilled mechanic, for if it were not utilized then there would be a greater demand for his machine. Therefore, unless these foreigners actually produce more than their total cost to us, not only produce enough for their own consumption, but enough more to cover the loss they have caused others, they constitute a debit and not a credit to the nation. And the nation which imports too many job-hunters in proportion to the job-furnishers it imports or develops is "spinning its own fate" in the fabric of unemployment.

That lack of regularization of industry and seasonal trades is a factor among the causes of unemployment cannot be denied. This can in part be overcome by two or more different industries, which can best be run at different seasons of the year, using the same labor force in so far as that is possible. In most cases the major part of the unskilled labor could at least be so utilized. In connection with season industries there is also the objection which some labor unions have to their members seeking employment at other lines of work when their own trades are closed down. This is at least a factor in the unemployment of these men. It is, however, a problem which will have to be met mainly by organized labor, at least at the present time.

As to the regularization of industry we face another problem, at least in many industries. Here the solution lies almost wholly in the hands of the consumer and not in the hands of the producer, the proprietor. In this day when the craze for extreme styles and fashions in clothing

and a mania for outward ostentation seems to have so utterly over-ruled common sense and good judgment, the producer is helpless. Many producers would welcome an opportunity to run their shops or factories the year round rather than alternate a period of over-work with that of little or no work at all. They cannot do this, however, so long as styles and fashions are subject to such sudden changes that there may come an extreme change just a few weeks before the opening of any one season, and consumers still insist on the last cut in the direction of hideousness and away from comfort, as is usually the case. The removal of this cause lies then not in the hands of the producer but in the hand of consumers. And it can and will be removed as soon as, but not until, the consuming public is again ruled by a taste that is in harmony both with common sense and comfort. The better class of producers will welcome the change.

The fourth great cause of these causes of unemployment may be stated as too much dissipation on the part of some individuals, thus making them unfit for employment, ill health, or disability and mental or physical abnormality, and restlessness, any or all of which tend to make the individual unemployable. When, as at present, so many individuals work in such close proximity to each other, with so much delicate and complicated machinery round about and Employers' Liability Acts are in force, all of which make the cost so much greater in case there is an accident, employers will be careful in their selection of workmen. The man who has deadened his brain, muscles and nerve centers with strong drink or other dissipation will not only not be employed, but is unemploy-

able. He is too great a risk to be taken on. In some cases child labor has no doubt been a factor in bringing him to this and is therefore another reason why child labor should be prohibited. In other cases, there are numerous other causes all of which helped to bring him to the stage of the unemployable, but none of which take care of him in that condition. The only way to prevent the continuous recurrence of this is to remove the sources of these causes. This, too, is a problem, not of industry alone, but of society in coöperation with legitimate industry. While the proper way to take care of those now in this class is to place them under proper care on farm colonies, etc. They are a menace to society when left to run at large. Under proper care at least something can be done by them and for them. They can perhaps be saved from sinking lower down the scale and into the criminal class.

Unemployment due to ill health and disability can probably best be met by sickness and accident insurance. These are unavoidable costs of industry and are, therefore, costs that are rightly added to the cost of the product. They are a legitimate means of alleviation.

One part of the unemployment that is due to mental abnormality and physical deformity or other causes, and which are really cases of unemployables, is a condition which society must care for on the basis of justifiable philanthropy, doing all that is within humane action, of course, to do away with the conditions that produce these unfortunates. Here must also be included those who cannot hold a steady job, even though they like the work and are satisfied with their employer, because they have

defective eye-sight, hearing, etc., and which makes it impossible for them to do satisfactorily the work that is required of them.

The other cause which accounts for a considerable part of our unemployment is due to a proper kind of mental poise of a somewhat different nature. These persons cannot endure the prosperity of a steady job, not because of the causes stated above, but because they are affected with a chronic case of the *Wanderlust*, lack a proper appreciation of the value of things and have not learned to take commands kindly. When they have earned a dollar working at one place they must move on and look for new pastures. They do not take proper account of the fact that they are likely to want things the next day. They have not learned the lesson of making hay while the sun shines. They are the type who cannot bear to have their employer tell them that they should have done a thing in some other way. They are good workers for a day, but must have a new environment for the next day. They really offer society one of its greatest problems. They are not proper subjects for tramp colonies. They get along in times of prosperity, but come to our doors in winter. Just how to give them a different perspective is a discovery that has not yet been made.

Two other factors in meeting the problem of unemployment may be mentioned. One of these has in it both facilities for its alleviation and prevention, while the other is only intended as a measure of alleviation. The first of these is the need for a better organization of free public labor exchanges and statistics on demands for labor and kinds of labor for the benefit of both employers and

workmen. In this way to bring more manless jobs and jobless men together in the quickest and most effective way. The other factor is the need of unemployment insurance. This will prevent the workman who is out of work also being out of pocket at the same time. This is purely a measure of alleviation and is not intended as a measure of prevention; it is, however, a legitimate cost in the production of to-day's product.

The problem of unemployment, then, is not merely a problem of industry, but a problem of society in coöperation with legitimate industry for the suppression of all conditions which make it difficult, if not impossible, for all members of society to meet the high duty of getting an honest living. It is not a problem that will be solved by the palaver and chicanery of cheap politicians and *work-shys* or by the long phrases of fault-finding of those who are conspicuously lacking in their offering of suggestions and specifications for the solution of civic problems. It demands more than all these have to offer. It demands, on the part of those who are unemployed, or are most likely to be unemployed, to do all they can to lift themselves above the level where unemployment is most likely to come and where it strikes hardest, and demands on the part of all society that it do all it can to help its individuals lift themselves to this level. Working together they can do it, if the fundamental law on which nations are built is sound. Working separately, or the one trying to attain this goal while the other sits idly by, it is impossible. Society cannot help an individual who himself does not feel that he needs help or wants it, nor can the individual achieve his best when society does little or nothing to help

him achieve his ideal. The program for action must include coöperative action on the part of employer, employee and society as a whole. And the stage on which this great drama of industry of society is staged must be large enough so that all three forces can meet on the same level and there be wrought out the answer to a great civic call. It can be done, for just as surely as all our social problems are not the cause but the result of man's presence here, it would seem to follow that men can, if they go about it properly, meet the situation they have created. If this be not true then the outlook for the solution of many of our social problems, unemployment being one of them, appears indeed discouraging.



A WORLD PROBLEM — CENTURIES OLD

By

GEORGE F. KENNGOTT

SUPERINTENDENT CONGREGATIONAL CHURCH

EXTENSION SOCIETY

LOS ANGELES, CALIFORNIA

SUPERINTENDENT SOUTHERN CALIFORNIA

CONGREGATIONAL CONFERENCE

ASSOCIATE IN SOCIOLOGY UNIVERSITY

SOUTHERN CALIFORNIA





## CHAPTER VIII

### A WORLD PROBLEM — CENTURIES OLD

**T**HE problem of unemployment has vexed the world for many centuries. Each age has tried to solve it in its own way, and the problem is yet far from solution. We begin to arrive at a solution when we approach it from the societary point of view. It is not an isolated problem that concerns a few scattered individuals who are out of employment for personal causes. It is tied in with the whole structure of our modern civilization, and is solved only by cutting the Gordian knot which binds it to such economic problems as competition and over-production.

A problem is on the way to solution when we discern the causes which lie back of it. We recognize to-day the social causes of unemployment and poverty as never before. Henry George says that poverty is due to private ownership in land. The desire for the "unearned increment" leads many men to withhold from production much land valuable for agriculture and for home-sites. Doubtless, if the land were further sub-divided and the number of small land-holders increased, there would be less unemployment, and so less poverty. To-day we penalize by increased taxation the man who makes his farm productive, who improves and beautifies his homestead.

<sup>1</sup> In the preparation of this paper I have received many valuable suggestions from the lectures of Professor Francis G. Peabody, D.D., and Professor Robert Foerster, PH.D., of Harvard University.

The joining of land to land, the enlargement of estates into great domains, absentee landlordism, gambling in real estate, the desire to get rich quick on the "unearned increment" in land,—the land problem has made the social question acute from the days of Isaiah until the present. While these are world-old problems, they have become more acute with the multiplication and enlargement of cities and the consequent enormous increase in land values, when farms are transformed into house-lots, factory sites and business places.

Germany has attacked the problem by taxing the "unearned increment." The "single tax" has been tried in some Canadian cities and seems to work satisfactorily. Whatever may be thought of the single tax, the land problem is closely allied to the problem of unemployment and poverty. "Back to the land" is a modern watch-word which has many social and ethical implications.

The state ownership of the means of production would, doubtless, tend to eliminate over-production and competition. State socialism proposes to assign laborers to tasks and to give to each his due reward. The "can't-works" would be cared for and protected; the "out-of-works" would be put to productive work; the "won't works" would be compelled to work. Laborers and tasks would be adapted to each other. Mal-adjustment would disappear.

Whatever may be said about the program of socialism, it is justified in much of its criticism of the present régime of private property, the exploitation of the poor by the rich, the inordinate thirst for gold, selfish competition, private interests that would ruin the State for self-aggran-

dizement. The present régime is that of crass individualism and gross selfishness. Each says, "This is mine to do with as I please," insisting upon his neighbor, "My rights are your duties." The present régime of private ownership makes men selfish, and enemies of those who have more goods or proud of their own possessions. Covetousness, the desire for more and more, is begun, continued and perfected in the realm of private property. Hate, war and all their unholy off-spring are born and bred in egoism and selfishness, which express themselves in property rights. The socialist says, "To labor all wealth is due, and all wealth to labor is due." Economic conditions determine life. Change the economic conditions by legislation, by force if necessary, but change them, so that men may realize themselves, unhampered by the chains of chattel slavery or the wage system. Much of the socialistic criticism of our times and manners is justified.

The Christian socialist, like Maurice and Kingsley, would bring about the long desired Utopia by grace and love, not by law; by the inner compulsion of good-will, not by the outer control of legislation and the police force. The one force works from without; the other, from within. But however the force operates, the movement is toward the larger socialization of wealth. Carnegie and Rockefeller seek for distinction, not by hoarding and piling up capital, but by distributing it for the public welfare.

We are feeling the force of Ruskin's charge against England, in the middle of the last century, as presented in his "Unto This Last." England then defined wealth

as the possession of a large number of useful articles. "The real wealth of a nation," says Ruskin, "lies in the large number of happy hearted and contented people." "These are my jewels," said the mother of the Gracchi, as she embraced her two sons. "Value," said England, "lies in the utility and scarcity of things." "No," said Ruskin, "value is that which avails for life. Value and valor are one."

In the face of all our egoism and materialism, we recognize the compelling power of collectivism and idealism. We feel as never before the ties of brotherhood and, with all our pride and envy, the expulsive power of love and good-will. We are learning to say, "Your rights are my duties. I am the steward, not the owner, of wealth." Men, more and more, are wearing the princely motto, "Ich dien" and are saying, like the knights of old, "Noblesse oblige."

We have gone a long way with the socialists. The state, county and municipality each owns more and does more than formerly. The income tax, tax on inheritances, socialization of institutions,—these are all concrete expressions of the growing desire of the people to relieve the rich of their surplus wealth and restore it to the people. The present régime of private property in the hands of selfish persons is responsible for much unemployment and consequent poverty.

The pressure of population on subsistence, the fact discerned by Malthus, that population left to itself tends to reproduce itself in geometrical proportions, while the law of diminishing returns operates in the means of subsistence,—the Malthusian doctrine explains much unem-

ployment and poverty. The supply of labor is greater than the demand. Back of all the racial and national jealousies of the European peoples which have eventuated in the great European war lies the economic problem of the pressure of population on the means of subsistence. Malthus suggests that the remedy lies in the self-restraint of the sexual passion for the common good, and where such self-restraint does not operate, then war, famine and pestilence operate. Rowntree in his study of "Poverty" in York shows that much poverty is due to large families. Before the European war, some of the women of Germany declared their intention of producing no more children to be gun-food for the Kaiser. Over-population brings poverty or strife.

Changes in labor have also brought about unemployment. Great distress has been caused through the revolutionary changes in the building trades. Steel in place of wood, concrete in place of stone, machinery in place of manual labor,—these changes in the scientific processes of construction called for changes in every way. Unemployment followed as the result of depression due to industrial causes. Modern inventions have eased life for many, but have also crushed many who could not adapt themselves easily to changed conditions and who found it difficult to learn new trades. The speeding up of machinery has been a severe test for those who could not stand the pace. The wide extent of the railroads, the great iron works, the use of dangerous chemicals, the greater concentration of labor, have brought an enormous increase in accidents and consequent unemployment.

Many are the social causes of unemployment. Many,

also, are the personal causes. There are natural causes, such as fire, flood and earthquake, which come with great suddenness. There are physical causes, such as sickness and old age. There are moral causes, such as drunkenness, laziness and thoughtlessness. There are men who will not work because they are taken care of by indiscriminate charity.

Because unemployment plays so important a part in the economic conditions of the various countries, many solutions have been sought through the history of the ages to solve the problem. In Athens in the time of Pericles, thousands were sent to other lands and relief works were established. Aristotle says that at one time direct assistance was given from the state to half of the citizens. In Rome, the unemployed were nourished through gifts of grain. In the later centuries of the Roman Empire there was so much unemployment that the masses were demoralized. Unemployment has meant not only loss to the individual, with consequent degeneracy and crime, but has entailed dire political consequences.

The problem, difficult at best, is complicated in the United States through the large influx of foreigners. The immigrants, to the number of 1,000,000 annually, have tended to deposit themselves as a sediment in the cities on the North Atlantic sea-board, living in close and narrow quarters in New York, Boston and the New England textile cities in districts known locally as "Little Italy," or "Little Athens," while the Southern States advertise for foreign immigrants and welcome the strangers within their gates.

Immigration, like the Nile, is a blessing when it irri-

gates, but an injury when it inundates. Many of the immigrants, especially from southeastern Europe, are illiterate and unskilled. The field of unemployment is the field of the unskilled and low-skilled labor. The condition of the unskilled laborer in the eastern textile cities is a hard one, if he must support a family, unassisted by wife or children. The condition of the skilled workman has improved, especially when he has been able to own or rent a house away from the center of the city, through the introduction and expansion of the electric railroad service. But the condition of the unskilled laborer speaking a foreign tongue, living an alien life in old and unsanitary tenements in the congested districts, is pitiable in the extreme, the more so because many of them know and desire nothing better. The need seems to be not so much for oriental Hindu calm and cessation of desire, as "egence," the creation of desires and the "realizing sense" of need. The Italian in "Little Italy" needs to appreciate his condition, his filthy, unsanitary environments, and his possible cleanliness and healthfulness. He must become dissatisfied with his present condition before he can be aroused to seek something better for himself and his family. He gains nothing by pushing aside the witness who testifies against him in his present condition, but must bestir himself to profit through the kindly criticism of his friends.

Beveridge calls attention to the seasonal character of unemployment, due to specialization in all occupations. Harvests, building trades, seasonal demand for goods depending on the climatic changes, greatly affect the labor market. In many occupations there is much casual labor.



The men work intermittently and become thriftless. The irregular wage and work discourages them. The appearance of high wages, as in docking, is a delusion, because the comparatively high wage of one day is balanced by non-employment. In some occupations, there is not only seasonal fluctuation, but also day by day. Thriftlessness and drunkenness are closely related in many seasonal occupations which induce a casual labor. There is a large casual fringe in normal times, but in times of business depression, many men from the building trades, as well as from the unskilled and low-skilled occupations, fall into the casual labor class. Because of the presence of boy labor in the casual trades, many European countries have established the "Continuation Schools."

Beveridge says, however, that technical education will not abolish unemployment, but there certainly are important bearings of technical education on casual labor. The more unskilled laborers you have, the lower will be the wages for them. The Continuation Schools of Munich are noteworthy, having greatly developed industrial education. Boys and girls alike are trained for useful service. These schools check the entrance into blind-alley occupations that lead to nothing permanent, but lead to casual labor.

Southern competition in the textile industries during the last fifteen years, with the immediate advantages of child labor, long hours, proximity to the sources of raw materials and coal, put all the northern cotton mills at a disadvantage. With the lessening margin of profit, Fall River, New Bedford, and other tidewater cities in the north gained an advantage over the inland cities through

cheaper transportation of cotton and coal by water, while the inability to increase the power of the Merrimac River to meet the larger demands on it caused the Lowell Mills to depend more and more on coal transported by water and rail at large expense from the far-away coal fields. Higher capital costs led to the employment of cheaper labor and the Greeks and Polanders were introduced as unskilled laborers.

The Lowell Textile School and the schools like it, by the training of experts to produce better goods, to make the mills more productive and the employees more efficient, suggested the way of hope, and Lowell gained new courage. The school is well equipped to render efficient service in the training of textile workers. It was established for the purpose of giving instruction in the theory and practical art of textile and kindred branches of industry. As a technical industrial school, it offers thorough instruction in the elements and principles of the sciences and arts applicable to the textile industries, and also in their application to the manufacture of all varieties of textile fabrics, and the machinery required therefor. "Not only did the unusual progress of the textile industry require such a school, but, through the rapid development of the manufacture of the coarse cotton fabrics in the southern States, a crisis had occurred in the leading industry of New England which could be met only by wider and more thorough application of the sciences and arts for the production of finer and more varied fabrics."

During the last decade, the cheap Greek and Polish labor has been at the disposal of all the mills, but not all

have profited by its use. Wise and efficient management counts for more than cheap labor. Furthermore, it appears that cheap labor can be counted on for the future only by a continuous flow of immigration. It does not take many years for the various floods of immigrants to seek the higher standard of living set by the preceding race, and with the rising cost of living, there must come a rise of wages, especially so in view of the lowering of the hours of labor. The Lowell mills will have to depend more on skill of management, efficiency of administration, and trained workmen than on cheap labor, primarily. The insistence should be on efficiency rather than on cheapness of labor. Germany has advanced industrially with rapid strides during the last forty years, and this has come largely through state activity in the matter of technical education. America is slowly learning the importance and absolute necessity of such education for her youth.

Another method of reducing unemployment, especially in times of cyclical depression, is for the State or city to furnish relief work. In many lands and for many centuries this scheme of "making work" has been tried, and sometimes with good results. The great danger is the costliness of the work. Relief works do not strike at the causes of unemployment, are not successful when carried on on a large scale, and tend to squander money and interfere with industry. Some relief can be given by postponing work that may be postponed to hard times; and hours of labor may be shortened instead of discharging employees.

Labor Exchanges have been used with much success in attacking the problem of unemployment, as they seek to bring together employer and laborer. The labor exchange would reduce waste in industry and save the "time-lag." In Germany, these exchanges or bureaus have reached the highest development. The Trade Union Exchanges in Germany act as selling agents for labor, and expect the employers to come to them to hire laborers as we would go to a book-seller for books. They are organized by trades, several trades occupying one building together, where they make a central exchange. Frequent use of these bureaus has been made by small employers. The scheme has evident defects, however.

As a substitute for Trade Union Exchanges, we have Employees' Exchanges, where applicants must show papers, such as dismissal cards, birth records and other papers. Precautions were taken to eliminate strikers and applicants must become strike-breakers, if ordered to. The Trade Union Exchange failed when most needed, in slack times when work was scarce and laborers many, and the Employees' Exchange failed when the employer most needed employees, in the busy times when the unemployed were scarce.

There are many other types of labor exchanges in Germany, such as the following: —

1. The Commercial, operating largely through correspondence, for clerks, with some local and national organizations.
2. The Private Exchanges, operated for profit, filling

many positions, but run often by people of bad character, who indulge in illusive advertising and do not discriminate in their appointments.

3. Philanthropic Bureaus, of almost universal type, with a charitable aspect and uncertain financial support, distrusted both by employers and self-respecting workmen.

Most interesting are the Public Exchanges, which began in Germany in 1884. In the early nineties, when there was a general depression, the various states of Germany moved rapidly toward these exchanges. It was felt that, 1, employers and employees should be equally represented on the committee; 2, there should be a close relation between the various types of exchanges; 3, there should be a national association for labor exchanges. In 1903, the Imperial Labor Bulletin was established, publishing labor data monthly. It was felt that two things are essential for the plan; it must be inclusive and efficient as possible; and there should be local and inter-local organizations of bureaus.

There were four special provisions to secure inclusiveness:— (1) The exchanges should be non-partisan in character, while the members of the committee were from the trade councils of the different parts of the city, the municipal council usually naming the chairman; (2) All kinds of workmen should be included. There was a special apprentice and a woman's department. (3) The services were nearly always free, the exchanges being subsidized by the city; sometimes a small fee was charged the employer, sometimes the employee. (4) There was

a direct propaganda through circulars, agents, newspaper advertisements, monthly reports and the like.

The public exchanges are well housed and centrally located, keep in close touch with similar exchanges in other cities, and are carefully managed. Great care is taken to get tactful, capable managers, who are allied neither to the employers nor the artisans.

Various considerations enter into the selection of the first positions for the unemployed. In Stuttgart, the chief regard is for ability. In Munich preference is given as follows: — (1) the unemployed, especially the unskilled; (2) those who have paid a residence tax; (3) the married; (4) those who have children; and (5) those who have no other support than their employment.

The English Poor Law Commission made a study of the German exchanges, and gave these reasons for their success: — 1, their connection with the public authorities; 2, the equality of members in their management; 3, the unequivocal character of the exchanges as industrial, not relief; and 4, the free use of the telephone, postal service, etc.

Switzerland has an interesting series of public exchanges, regulated by the national government. There are municipal exchanges, cantonal associations and associations of exchanges. In order to receive a subsidy from the municipality, the exchange must provide employment for both sexes and any occupation classified under handicrafts, domestic service and the whole range of service. The exchange must be public in an inclusive sense and must charge no registration fee. They must

be governed by administrative boards with equal representation of employers and employed. In strikes and lock-outs, the workmen should be notified. The officers must collaborate exchange lists and supply lists to the market. One-third of the working expenses and the cost of the clearing house for the central service is then paid as a subsidy by the municipality. To the second group of cantonal associations, the subsidy must be paid if they work in connection with the nearest public labor exchange, all of which must be inter-related. To this group, fifty centimes are paid for every person these exchanges place in a situation, and one-half of the working expenses of the Swiss labor exchanges, all of which must submit reports to the government. The third group, or association of exchanges, must have a public exchange to act as a clearing house, collaborating the statistics of unemployment. To this group the same help is given as to the second, with payment for every person who is placed. The German exchanges are of the municipal or state kind; in Switzerland the national government steps in and regulates the exchange system.

As to England, Parliament passed a law in 1909, called the "Labor Exchange Act," which was the first attempt of a large country to establish over a large area such exchanges by public enactment. This Act was brief, permitting the Board of Trade to establish exchanges wherever it sees fit. It may take over existing exchanges, either already existing or that may exist. It may make all regulations for exchanges and may improve regulations to advance traveling expenses from one part of the country to another. This money, thus ad-

vanced for traveling, is a loan to be repaid. Applicants for employment must register in person within three miles of their residence; beyond that, by postoffice. This application lasts for seven days and then may be renewed. Accurate records must be kept by the exchange. A statement of a strike or lock-out may be filed by any association of employers or workmen, and the exchange must apprise all applicants of the existence of trade disputes and must give any information regarding wages. Trade agreements may be filed with the exchange. As to the payment of traveling expenses for applicants, the distance must be over five miles and must be in the form of a ticket or a pass, rarely money. Before the applicant is offered a position elsewhere than England, the exchange must consult the London office. No encouragement is to be given to rural migration, nor between England and Ireland. The Board of Trade established an advisory committee for exchanges, made up equally of employers and workmen. The Board may appoint the committee directly, or may consult local bodies. The term is three years. The Board of Trade may establish an advisory board for juvenile applicants, an important consideration.

England is divided into eleven sections, each with a clearing house. There is a first class exchange in every city of 100,000 or more inhabitants; a second class exchange for cities of 50,000 to 100,000, while the more important smaller towns have third class exchanges with a sub-office. There are special departments for dock and water-side laborers. There are separate exchanges for skilled and unskilled, women and children. There are



rooms for private interview between employers and employed. The entire expense of these labor exchanges is borne by the national government.

A system of insurance against unemployment was established in Ghent, Belgium, in 1901, which had to do with labor unions. Its example has become a model elsewhere. A public subscription is made to such trade unions as will provide insurance against unemployment, but the fund must be used for this purpose only. The amount of the subscription varies according to the payment made by the trade unions and the condition of the unemployment fund. Maximum benefits of 6 francs per week are paid for not more than sixty days in one year, the contribution of the city not to exceed the sum granted by the society out of its own funds. The result has been that trade societies have developed unemployment insurance funds.

Perhaps the most interesting example of compulsory public insurance against unemployment is that at St. Gall, Switzerland. This was obligatory upon all workmen whose average earnings did not exceed 5 francs and who were not insured elsewhere. A law passed by the council of the canton in 1894 empowered commercial or municipal unemployment insurance funds. The canton fund was conducted in connection with public employment bureaus, but was soon discontinued. The failure was due to several causes, the difficulty of getting men to pay their dues, the fact that the unemployment fund was administered by the poor law department and, therefore, unpopular, but chiefly to the fact that the majority of those using the fund were the poorer workmen who

contributed losses far beyond a fair average. Skilled workmen were largely insured against unemployment by their trade unions.

Employment Bureaus will not reach the great company of those who will not work — drunkards, vagrants, and incompetents. Labor colonies are suggested for the habitual vagrants, as in Germany. There the plan of relief shelters is of three kinds — (1) Hospice, a workingmen's hotel, mainly a Catholic institution, supported by private philanthropy, charging a small fee, and giving board and lodging; (2) Herberge, a Protestant institution, providing shelter for those who can pay little or nothing, connected with Labor Exchanges, furnishing cheap and good food, religious influence and no gambling; and (3) Public Relief Institutions, maintained by public authorities. The person aided must work off the cost of entertainment in the afternoon and walk off in the morning to the next station.

The Labor Colonies, united in a general association, are institutions of Christian charity. All who are willing to work are admitted, but habitual drunkards are not admitted. Most of these colonies are agricultural, but some have manufacturing.

Enough has been said to show the nature and extent of unemployment and some methods that have been tried to solve the problem. Can America learn anything from Europe? It would seem so, for the problem is practically the same here as there. In addition to the various private and philanthropic employment bureaus, the municipalities might well adopt the plans that have proven successful in Europe, with a close relationship of the

various bureaus of the several cities, together with state supervision. To be truly effective, there must be a national bureau in order to relate the several States to each other, lest there should be too great migration from the State where the bureaus are inefficient to the States where they are efficient. Labor colonies could be developed as in Germany and a place be found for every one either to work or to be punished if able but unwilling to work. For those who cannot work, there should be the utmost charity and consideration. For those who are out of work, the State and municipality should seek to bring workmen and the work together. The problem is largely one of adaptation. For those who will not work, there should be some punishment to fit the case and bring to remunerative work the vagrants.

Mazzini, the Italian reformer and patriot, declared, "Every social question is a moral question, and every moral question is a religious question." The question of unemployment is a religious question and all religious men and influences should coöperate. The universal solvent for the social and economic problems of the day is love and good-will. "The completest spirituality is the completest sociality." The remedy for the present sad state of affairs must be a radical one. The only remedy for the inordinate lust of wealth, the transformation of men into mere "hands," the exploitation of the unskilled and ignorant by the selfish and designing, is first to seek the Kingdom of God and His righteousness. The worship of God alone can overthrow the worship of Gold.

THE WORLD OWES EVERY MAN A LIVING?

By

C. HANFORD HENDERSON

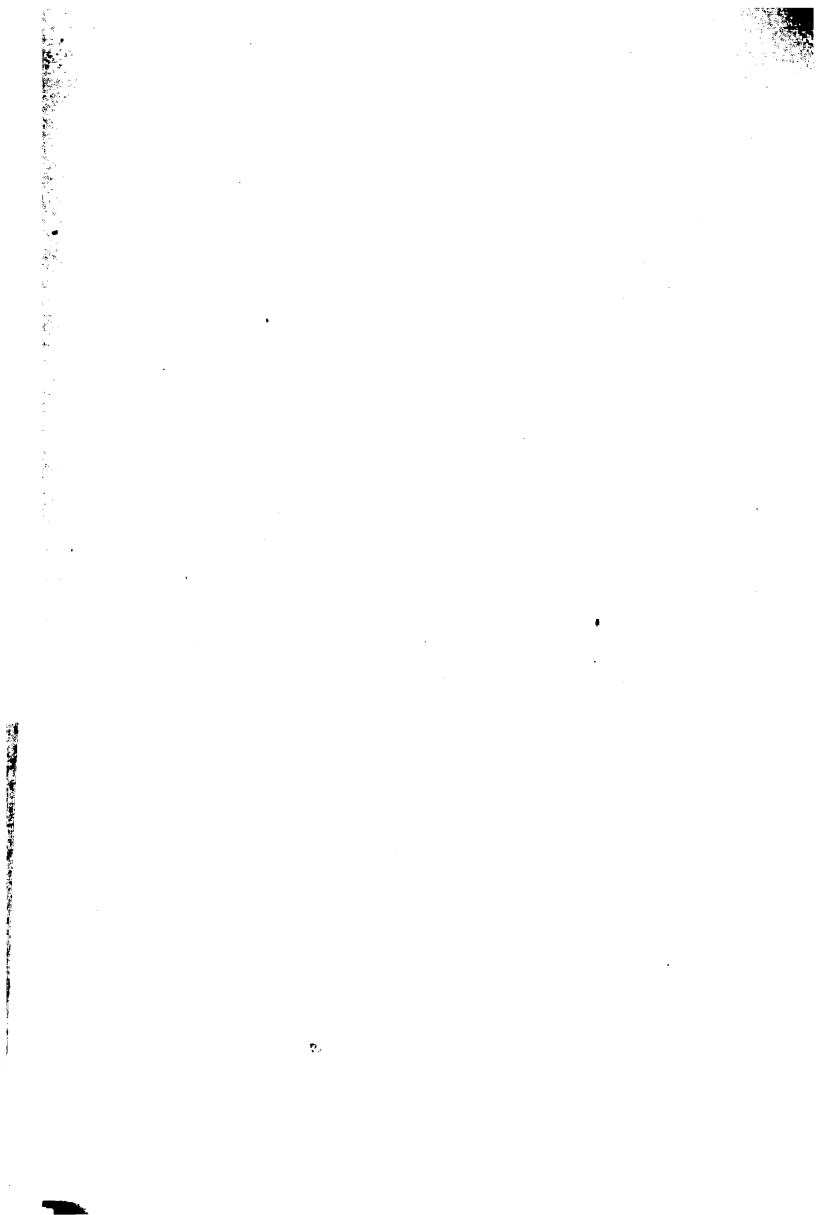
HEAD-MASTER MARIENFELD OPEN-AIR SCHOOL

FOR BOYS

MARIENFELD PLANTATION

SAMARCAND,

NORTH CAROLINA



## CHAPTER IX

### THE WORLD OWES EVERY MAN A LIVING?

**I**T is a widespread platitude that the world owes every man a living. And I am here restating it, not with any intention of agreement, but for the contrary purpose of calling it in question.

Stated interrogatively, the platitude becomes a topic for reasonable social inquiry.

DOES the world owe every man a living?

I am putting the question in this bald and uncompromising way because those of us who are practically interested in the problem of unemployment and in its righteous solution are under special obligation to keep the issue quite straight in our own minds, if we are to hope for any light on the subject.

Our personal answer to such a question depends, as so many answers do depend, upon our philosophy of life, and, by the same token, our answer varies with our varying philosophy. At one time, we are ready to side with the majority and to answer in the affirmative; at another time, we go with the wiser minority. I propose to examine the antecedent frame of mind which would lead to such opposite conclusions.

A child is born,— he grows to be a boy, a lad, a man. He is endowed with the will to live. He finds himself possessed of a group of well developed appetites,— appe-

tites so common to the crowd of men that he easily regards them as healthy and natural and reasonable. He has the appetite for food, for children, for contributory possessions, for the reasonable satisfaction of the social and artistic and intellectual and spiritual life. These desires, so complex, so imperative, so universal, create a belief that mere birth into this world of manifold desire constitutes a claim upon destiny, a claim which destiny is bound to satisfy or somehow stand condemned. To fail in making an adequate living becomes, from this point of view, not an individual disaster, but rather a social crime for which society is directly, almost consciously, responsible. Our unfortunate man has a case against society. But he does not quite know upon whom to serve the papers. In his ignorance, he is apt to serve them upon the wrong person,—the King of Italy is assassinated; the Emperor of Austria is struck down; the President of the United States is shot. Or he serves them upon the wrong thing,—a newspaper building is dynamited; valuable machinery is wrecked; a bridge is blown up. He calls it direct action,—he fancies that he is attacking society. In reality he is attacking individual persons, individual things, and his case does not advance. It is quite clear that if a man sincerely and honestly believes that the world owes him a living, he will be very apt to place the responsibility for his living just where he says it belongs, upon the world. Such an attitude of mind makes his own personal responsibility a very negligible quantity. In the face of want, or even in the face of dissatisfaction, he, all too readily, believes himself the victim of combined injustice and hard luck. A society,

he argues, which does not feed its children, quite regardless of their individual contribution to social welfare, is guilty of some monstrous wrong.

Such an attitude need not be habitual but in certain moods, for the most part recurrent, it is pretty sure to make itself felt. And in the end it may become habitual.

It is an attitude which presupposes several fundamental propositions, all of them, it seems to me, unsound. It is important that these propositions should be carefully weighed by all who concern themselves with the problem of unemployment.

The first proposition is that society allowed the child to be born, even encouraged its coming, and is, therefore, directly responsible for its welfare. But such an assumption is wholly gratuitous. The bearing of children is a very personal, a very individual affair. The two most primitive human instincts are those of self-preservation and race-preservation. The instinct for parenthood is a very sacred and wonderful instinct, but it is manifestly a poor thing, if it means only the bringing of children into the world, and does not include the larger function of adequately caring for them during the years of economic helplessness, and adequately preparing them to earn a decent livelihood when the proper time for such activity arrives.

From an academic point of view the regulation of parenthood has much to commend it, and there are few among us such pronounced individualists that we would not wish organized society to prevent the manifestly unfit,—the insane, the tubercular, the epileptic,—from transmitting their disabilities to a succeeding generation.



But beyond this obvious and negative work of interference, society can hardly go, and especially it cannot undertake the constructive work of forcing the humanly fit to propagate their kind and create a new and fine generation.

Family life, without the more profound spiritual emotions which consecrate every true marriage, would be such an arid desert that no possible eugenic gains would in any way justify it.

The greatest human needs are still spiritual and emotional. It is then illogical to the last degree to throw the economic responsibility for human life upon a society which cannot by any known analogies be shown to be responsible for that life.

It did not ask for it, and it could not, without quite unwarranted intrusion, prevent it. The most obvious shoulders upon which to place the economic burden of juvenile life are the parental shoulders. And, in the main, this burden is amazingly well carried. We are often shocked by tales of parental neglect and cruelty, but the very degree of our indignation is a measure of the degree of our assurance that a contrary course of conduct will be pursued. This faithfulness springs from the heart rather than the head. At its best it is unconscious, emotional, the unstinted service of affection. Love is such a vastly more reliable motive force than Duty that I should tremble for the ultimate fate of eugenic children however admirable might have been the prearranged conditions of their begetting.

But we have still to deal with the unfulfilled duties of incompetent parents and disabled parents and unwilling

parents and dead parents. Yet even here, though it may seem a Spartan creed, I should hold it to be nearer the truth to say that it is highly desirable for society to play the foster parent than to say that such guardianship is morally obligatory.

To be quite just we must remember that neither parent nor society can guarantee either life or happiness, or even the most elementary welfare to the arriving generation. It may seem hard lines, if we focus our attention too exclusively upon the objective side of suffering,—it may seem hard lines that a child should arrive upon earth without some admitted claim upon welfare, and some assurance that the claim will be duly honored.

*But I do not detect any one who can give such an assurance.* Each birth is a venture, a direct challenge, too, for time to do her best or her worst. Even if we hold, somewhat inconsistently, that the child has no choice in the matter, but comes to Earth quite without being consulted, the circumstance might be reasonable ground for quarrel with the constitution of things, but could hardly fasten responsibility upon those other victims of destiny who chanced to arrive an instant of time earlier.

But those of us who believe in the immortality of the soul, who know that it has neither birth nor death, do not believe for one moment that the earth is the involuntary asylum of arriving generations. We believe, on the contrary, that each arriving soul is urged on by some inner necessity of the spirit and comes to work out a destiny which it has itself created.

The one possible tragedy in the adventure is not hunger, cold, nakedness, sorrow, terrible as these things un-

doubtedly are. The one possible tragedy is that the soul shall not awaken, shall not become aware of its own destiny and work it out to an incomparable conclusion.

We will always wish to protect children. We would not otherwise be human. But our protection will be the sounder if it springs not from some claim which does not exist but rather from the large measure of our love. And, if we love wisely, we will safeguard, as we safeguard life itself, such saving sense of personal, individual responsibility as will prohibit leaning upon other people. And, when the boy becomes a man, we will make impossible the disabling belief that any one owes him a living, singly or collectively, but that his first duty is to provide a living for himself. We who wish to concern ourselves intelligently with the problem of unemployment must begin by dissipating in the minds of the unemployed the mischievous impression that some one person or group of persons owes them wage-employment.

That catching phrase,—the new right, the right to work,—is vitally true when soundly interpreted, but it is utterly false when it is made to mean the right to work for wages. Neither individual nor society owes this to any man.

And the second presupposition which seems to me obviously unsound springs from the habit of personifying society and making it into a giant earth-god bound by his power and resources to play the part of special Providence for each one of us, carrying such responsibilities for us as we have no stomach to carry for ourselves, such as the rather grave task of providing us with a living. We believers in immortality are also believers in God,

in a supreme intelligence which permeates the universe and constitutes its sanity and moral order. We would not even say that this Intelligence sets the condition of our lives; rather would we say that it is the condition, the medium in which we must intelligently play our parts. When we personify society and charge it with responsibilities for our welfare, we throw over the primal duty of each one of us,—the duty of being intelligent and adapting the given conditions to our daily necessities.

And the final presupposition on the part of those who delegate their living to society, to which I want now to call attention, and a very grave presupposition it in my opinion undoubtedly is, is the blind belief on the part of those who arraign that livings exist ready to hand and could be comfortably distributed to all comers, if the keepers of the harvest would but open their hands.

This is a life and death matter with which every social student has to grapple, for at every hour of the day some one, somewhere, is dying of hunger. In America, happily, such a tragedy is still rare. But even here we have the partial tragedy. Thousands of lives are shortened in time and impoverished in quality by sheer want, by lack of food for body and mind and soul.

No one, and especially no socialist, would wish to defend such a situation, or to ignore it. But the situation is not met by assuming that there is plenty for all regardless of the effort and intelligence that go into the making of the harvest, or that the keepers of the harvest have only to open their hands that all may be bountifully fed.

In reality the margin between nutriment and starvation is very narrow. The good things of life constitute a

limited store, won only by immense, tireless, intelligent human effort. And it is a very perishable store, as well, needing to be constantly and adequately renewed. "Livings" do not preëxist, waiting only to be distributed. In the last analysis they must be expressed in the simple terms of human effort.

There is a tremendous amount of anarchy and disorder in our present methods of production and distribution. The simple remedy is to seek better methods. The men and women who unreflectively accept the old methods, and suppose themselves to profit by them, when times are booming, have no just cause for complaint when the tide turns. It is well known that our present methods bring alternate drought and plenty. In the periods of drought the problem of unemployment becomes acute. In the periods of plenty, we are all too selfishly busy to seek the better methods.

Personally I do not see any quick remedy for the problem of unemployment. But I believe that there is a sure if slow remedy, and that it involves two radical changes: The first and fundamental change must be in the attitude of the workers, a change from irresponsibility to active responsibility. Once for all the belief must be thrown over that the world owes every man a living. Instead, the workers must realize that at best the earth life is precarious; must realize that wage-employment, so far from being a right of the worker, is a mere accident, must realize that such measure of security as is attainable in this uncertain world of ours comes from self-employment and coöperative labor.

The man who persists in selling his labor for hire does

it as the easiest and most irresponsible way of solving the bread-and-butter problem, and has no ground for complaint when there is nobody to hire him. The greatest need of this labor world to-day is spiritual,—it is an acute sense of personal responsibility.

And the second radical change is in our methods of production and of distribution, a change which will mean the equalizing of opportunity. If the spiritual life of the workers demands the *self*-possession of self-employment, or coöperative labor, it is quite clear that those of us interested in the problem of unemployment must do all we can to increase the opportunities for individual effort. As we better understand the nature of the problem, we will more clearly see that our proper service is not so much to create opportunities as it is to remove obstacles from the opportunities already existent. It is with this removing of obstacles, it seems to me, that socially minded persons can properly and legitimately occupy themselves. It is useless to tell a man to go to work on his own responsibility unless he has somewhere to work, unless he has access to the land. This can only be assured through the nationalization of land or through some equivalent scheme, such as the single-tax. It is equally useless in these days to tell a man to go to work unless he is equipped with tools. And this need suggests some scheme of state credits. These schemes, of single-tax and state credits, involve no pauperization of the workers and no loss of independence. Rather they foster a wholesome sense of responsibility and self-respect.

No careful person would be willing to offer a panacea for so complex a social problem as unemployment. But

if he will emphasize the subjective need of a deepened sense of personal responsibility and the objective need of the enlargement of opportunity, through the intelligent action of the workers, he will, I think, at least be on the road to an effective remedy.

It may easily seem to those whose hearts are filled with pity for the very real sufferings of the workers that an analysis of their case which throws the burden of finding a way out upon themselves rather than upon that intangible thing, society, is harsh even to the point of being unsympathetic. I have not meant it so. I have meant it to be harsh even to the point of being kind.

Every earth-born traveler must take his life in his own hand, and find for himself, if in the end he is to become a man.

A young person without means may be obliged for a time to become a hireling. But if he accepts such conditions permanently, he has thrown over the essential quality of manhood,—*self-possession*,—and deserves whatever fate befalls. It is easier to accept wages, and throw upon some one else the burden of support, than it is to find for oneself. It is easier to marry prematurely than it is patiently to prepare a home. It is easier to be improvident than it is to be thrifty, to be thoughtless instead of studious, to be self-indulgent rather than self-disciplined. So long as the workers elect the rôle of hirelings and sensualists, they will continue to elect with it the intermittency of exploitation, the alternate drought and plenty of the wage system, the alternate unemployment and rush order. This is a hard lesson and slow in the learning, but it would be a false kindness to encourage

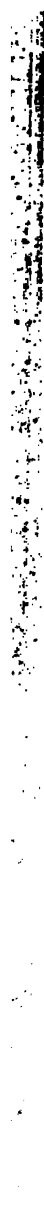
the belief that it need not be learned. It is no time for softness. And that we are as a nation immensely too soft, too pleasure loving, too profit-greedy our present ignoble plight in the face of a tremendous world crisis only too abundantly proves.

It is no time for softness in dealing either with individual or national problems. These are stern days upon which we have fallen, when we must face the inexorable moral law that what we sow we reap. This same sternness, I am glad to think, has crept into our current socialism.

We no longer arraign society; we no longer indict capital; we no longer call upon heaven to redress our wrongs. We know that the one possible propaganda is that of education. If the workers would come into the larger life they must pay the required price, the price of self-discipline and moral worth. If they suffer from unemployment they must become their own employers. If opportunities are limited, they must through intelligent study wisely extend them. And we persons of larger leisure and clearer thought can help the workers, not by "making work," or fictitious employment, but by helping them to enlarge the sound opportunities for self-employment. No one can save the workers. That is not, I think, the meaning of life. They have got to save themselves, just as you and I have got to save ourselves by seeking to know the will of God; that is to say, the moral law of cause and effect upon which all intelligence rests, and then by following it with fidelity and self-discipline.

This may seem an austere creed, but life has first to be austere in order that it may be beautiful.





**POVERTY AND LABOR**

**By**

**SAMUEL GEORGE SMITH <sup>1</sup>**

**PROFESSOR OF SOCIOLOGY AND ANTHROPOLOGY  
UNIVERSITY OF MINNESOTA**

**<sup>1</sup> Deceased since the preparation of this article.**



## CHAPTER X

### POVERTY AND LABOR <sup>2</sup>

**L**ABOR among civilized peoples has three objects: first, enjoyment arising from the consumption of commodity, either by the laborer alone or together with those dependent upon him; second, provision against unproductiveness; that is, the period of accident, sickness, or old age when the laborer cannot work; third, the desire for power or that sense of superiority over other men arising from greater wealth and the effective means for exercising that power. The mass of men have practically only the first object. With them it is the week's work and the week's living. A respectable minority add the second object to the first and seek to provide against possible disaster. Men who are called captains of industry are led on chiefly by the third object and are driven by the lust of control. The rational proportion of these three objects and the relation of individual effort to the attaining of them furnishes the true philosophy of economic life.

The Greek philosopher said all things flow, and movement is the essence of social and individual life. It is the static view which leads investigators astray. The same social group passes through its early period of pov-

<sup>2</sup> From "Social Pathology." Copyright, The Macmillan Company. Reprinted with their special permission.

erty, its rise to strength, its grip of resources, its larger productivity, its development of life, its consequent luxury, its final decay and downfall. The individual may pass through various phases. At one period of his life he may be guided by certain motives, and at a later period by other motives. The young man who works only that he may consume, after marriage becomes the man who by economy protects himself and his family against possible unproductivity. On the other hand, the boy set to work too early and made the slave of family consumption, at maturity may rebel from all labor and become the wandering tramp. Men grow old, sex hunger dies, but the parental motive becomes stronger and is the final bond of the family. The pleasure motive may decay when the senses weaken, but the thirst for gain or power may increase with the years. The passions of the flesh belong to youth, but there are baser passions which belong to age. Greed grows. The cruelty of the boy is picturesque, but the cruelty of the reflective man is devilish. The boy who torments animals may love his mother. The brutal capitalist may be fond of good pictures. Many are the complexities of human life. Physical needs are the basis of primitive toil, but psychological motives become more and more insistent as any society grows older and richer. The driving force of any society must be interpreted in terms of its most efficient men.

Countries differ with respect to the dominance of particular motives and also in the complexity of the economic life. English poverty is largely for those who work only that they may consume, and when they fail in

productive power such men become charges upon the public. The consuming class in France is much more susceptible to the second motive, and there must be added to this the economic importance which the family assumes. The widespread importance of the dowry and the business arrangements of marriage tend to thrift. England has larger production than France, but France makes better use of savings banks and knows better how to use the surplus for social stability.

The most obvious cause of poverty is found in production insufficient to satisfy the needs of any social group. Whatever increases production, obviously increases plenty. The whole body of a people is directly interested in the success of each particular industrial enterprise. If shop or factory or farm fails to do its best, it is not only a loss to its owner, it is also a loss to the entire community. If a commodity is scarce, its price is high and it is difficult to obtain. Abundance of production helps in securing wide and just distribution. When any commodity is scarce, the families without a surplus are those who feel it the most keenly. Herbert Spencer and others have pointed out the rhythmic law of social and economic life. In times of prosperity there is undue encouragement to consumption. When the periods of industrial stagnation and industrial defeat ensue, the burden falls most heavily upon the poor.

Whatever is wise for the social group will be found, in the long run, to be wise for the individuals who compose the group. It is plain that for the multitude the necessities of life can never be too abundant nor too cheap until every normal want is satisfied. In effect,

every workman is more interested in the total success of the social group to which he belongs than he is in the particular success of his own craft. A complete socialization would at once recognize the fact that abundance of commodity is at last possible to the individual only when he is a member of a successful social group.

For material well-being it is not enough that each man work to the measure of his own capacity. He is quite as much interested that all other men work to the full measure of their capacity. To secure comfort he must be able to exchange the commodity which he produces for the other commodities which he requires, and it is highly important that the things he wants be abundant and, therefore, cheap. Whoever prevents the workmen from producing the largest amount possible is a promoter of poverty and an enemy of society. There is one rational limit to production. That limit is reached when any commodity becomes so abundant and so cheap that the makers of it are economically pressed down by the difficulty of exchanging the amount which they produce for the other things which they require in order to give variety to life and satisfaction to their wants.

Successful production under modern conditions is always a form of coöperation in labor. Every hindrance to industrial socialization is an economic disaster. The dishonesty of a treasurer not only loots his own concern but weakens every other industrial institution. The incapacity of a superintendent of a factory is not only responsible for the wreck of the business over which he presides, but demoralizes and weakens every other trade. The ignorance and thriftlessness of one body of work-

men is not only a damage to themselves and their employer, but it is a detriment to every other form of industrial life. It cannot be too strongly insisted upon that there is a common social interest in the intelligence, capacity, honesty, and thrift of every toiler. Every able-bodied man ought to work. But that is not enough. It is also essential that every mechanical, social, and personal hindrance to efficient work should be removed.

The economic burden of all labor which is not devoted to the production of the necessities of life must be noted. If men will paint pictures and write poems, they are still human and must eat, and the poems and the pictures make the price of potatoes dearer. It is not necessary to argue against fine houses, but it should be seen that every stately mansion draws labor from the process of providing adequate shelter for the people, and makes every cottage more expensive. If some woman works a year to make a piece of lace that another woman may wear it about her shoulders, it is idle to say that the second woman feeds the first, for the lace production makes all clothing and all food for all women dearer in proportion to the amount of labor withdrawn to provide this luxury. Luxury may be defended upon artistic or cultural grounds. It may be defended as the suitable reward for unusual capacity or devotion to tasks. But it seems evident that luxury is without any economic defense until every man, woman, and child is supplied with the necessities of life.

A social group working together produces by its labor a certain amount of commodity which is the group income. If a few people take a large share of this com-



modity for a limited number of families, it is plain that the rest of the group will have just that much less to divide. It is easy to see this fact in a concrete illustration, but it seems difficult for many people to apply the conclusion to the largest views of life. If ten men catch one hundred fish and one man takes fifty for his share, we see at once that the other nine must be content with dividing the remaining fifty fish. It is somewhat harder to see that if the commodity produced by a social group expressed in terms of money amounts to, say, a thousand dollars per family for the group, and a number of men secure out of this production an income of \$100,000 a year each, some of the families remaining will be reduced to beggary, and all the families will have their incomes lessened. This is not an argument for equality of incomes any more than the paragraph above was an argument for the simple life in production. While recognizing the place for luxury and the justice of a large reward for unusual capacity and industry, there is no use trying to conceal the fact that abnormally large incomes make abnormally small ones, and that extreme wealth at one end of the social scale must mean poverty at the other end of the scale.

Right thinking upon the relation of labor to poverty cannot be promoted unless the rate of wages for the laboring man receives consideration. Confusion of thought upon the subject arises out of the reckoning of wages in terms of money. It is simple economics to say that the amount of money received for a day's work is only nominal wages. Real wages are only seen in the

amount of commodity which the money will buy. Money wages may fall and real wages rise. Money wages may rise and real wages fall. It is the crudest kind of statistics to compare the money wages of one social group with the money wages of another social group and by such a standard measure the relative comfort of the working classes. Price lists must always be studied in connection with the scale of wages to reach results of any value. We cannot be led so far afield as to enter into any discussion of the wage system or of the relation of the wage fund to the total amount of production. These are questions for economists. From our point of view it is enough to insist that where production is adequate the wages should be large enough to satisfy the first two motives of labor spoken of at the beginning of this chapter.

There is a doctrine in connection with wages that affects the whole problem, and it is stated by Mr. George Gunton in his "Wealth and Progress."<sup>3</sup> His argument, condensed, runs as follows: "The chief determining influence in the rate of wages in any country or industry is the standard of living of the most expensive families furnishing a necessary part of the labor in that country or industry. The standard of living is very low in Asia, Africa, and South America, and wages are correspondingly low. Since the standard makes the wages, shorten the hours and increase the expense of living by multiplying wants. The physical wants are few. The social wants are acquired and have no conceivable limit.

<sup>3</sup> Gunton, "Wealth and Progress," p. 89.

Shorten the hours, increase the leisure, and social wants are increased. To satisfy the higher standard of living the wages must be increased also."

This general doctrine is sound in so far as it teaches that the rate of wages must support the most expensive families that furnish a necessary part of the labor in any industry. At the same time, the standard of living in any industry cannot rise any higher than the proper expression of the value of the commodity produced by that industry in relation to the total product of a social group. The real limit of wages for any class of artisans is manifest. Under the present system interest and rent must be paid. The task of superintendence must also have its wage. Now if the wages of the workmen take all the rest of the product, there would still be set a limit to them by the general success of the industry. If the standard of living for the necessary part of labor engaged in any industry is higher than its production can provide, the industry becomes bankrupt and the standard of living must fall. The greatest spendthrift may conceivably be a necessary part of the labor for any industry, but there is no artificial provision possible against the bankruptcy of any abnormal economic institution.

The commodity produced by any community is not divided among individuals so much as it is among families. The family group at last is the economic unit.

It must not be overlooked that while every able-bodied man ought to work, there are certain classes which cannot work. Those who are too young, those who are too old, and those who are incapacitated by accident or disease. These three classes consume but they do not pro-

duce, and they must be provided for. The young are the proper care of the family. The sick and the old if possible should have made provision for themselves in some form or other, but if they have failed to do so, they become a charge upon their families. If the burden breaks down the family self-support, they must be provided for by their associates or by the community.

The question of poverty and labor cannot be dismissed without some account of that recurrent class of the working population known as the unemployed. This class is depleted in prosperous times, unduly swollen in times of depression, but it exists in all times. They are the persons who are engaged in casual employment and their number increases with the complexity of the social life and the call for personal service of various kinds. They drive carts, they carry packages, they pick up a precarious livelihood by odd jobs, and yet some of the energetic and thrifty of this class achieve a competence. These people are always out of work a part of the time.

Then there are employments which require the service of skilled labor only a part of the year. Many of the building trades in severe climates belong to this class. Where factories or shops which employ labor are entirely closed, all classes of workmen are locked out together, but it more frequently happens that factories run upon half time. Mercantile institutions that are receiving fewer orders require a smaller number of men to fill them. Times of depression, therefore, are seasons when the employers of labor sift out their men. If a man is inefficient or old or weak or careless or dissipated, he is the man to lose his place. The fact to be reckoned with

is that the unemployed represent, on the whole, the lowest stratum of the working population.

But unemployment, properly speaking, belongs of right to the fluctuations in the ordinary demand for labor. The supply remains fairly constant, and the demand for it can be met in times of business activity and prosperity, but when the rhythmic economic life reaches the lowest point of depression, factories and shops are closed. Not only are many of those engaged in these occupations thrown out of work, but the depression carries distress to a still larger circle of those with whom these employees have various business relations. When, as is frequently the case, the week's wages of the workmen are consumed either by necessity or by choice, in the week's livelihood, the lack of employment becomes very soon the occasion of misery.

The processions of unemployed, the tumultuous mass meetings, and the inflammatory speeches must be calmly measured in view of the foregoing analysis. There are cases of genuine distress requiring proper relief. There is in every such movement a number, and sometimes a large number, of worthy persons out of work who desire to work, and would do so if the opportunity were offered. On the other hand, all the weak, the unfortunate, and unworthy gather in the train of such a movement. Tramps and idlers by the score come boldly to the front and offer themselves for work when they know there is no work to be obtained. Then they demand food and shelter from the public. It is only by the most rigid scrutiny and careful treatment of the situation that the truth may be obtained and justice done.

It will sometimes happen that genuine workmen who under the conditions of life have been as thrifty as possible and have sought to provide against just such a time, soon spend their surplus and are in actual want. These cases require adequate and speedy relief given in such a way as to maintain the self-respect of the recipient, and it is far better for the agencies of relief to offer such a man a loan than to propose to bestow upon him a gift.

The trades unions, in greater or less degree, have sought to provide against these times of need. Among the provisions are the unemployed benefit which is a direct gift from the funds of the union for those who are out of work. A traveling benefit is sometimes provided to pay the expenses of those seeking work in another community. Labor bureaus are organized to transfer workmen from a place where there is no labor to some other locality in which their services may be required. The lowest form of assistance is equalization of work; that is, if there are twice as many workmen as are required, each man is put on half time so that all may receive half pay.

The work of the unions, however, does not by any means solve all the problems even where they are able successfully to carry out their program, because a large part of the labor of any country is not organized. Much of it, from the nature of the case, cannot be organized, because it is unskilled.

Private charities of various kinds seek to assist in meeting the difficulties. Where wisely conducted, they carefully investigate the conditions of the family involved. They adopt the work test in various forms to

see if the applicant for aid is really ready to work. As examples of the method, wood yards are sometimes used for the men and needle rooms for the women. The work test always reduces the number of applicants. It separates the sheep from the goats. In time of distress if one town opens a wood yard and a sewing room, and the next town offers free beds and free soup, it requires no prophet to decide which will have the most business to do.

There are times when the state, particularly the municipal state, assumes relief work. Among the public tasks undertaken to absorb surplus labor are the making of roads, sewers, water works, parks, and the improving of cemeteries. It is evident at once that municipal employment ought to be the last resort in cases of distress and only works actually required ought ever to be undertaken, though it is probable that if the works of real utility are carried forward at such times, they can be constructed more cheaply both in material and in labor than in times of general prosperity.

But municipal work for the work's sake should be undertaken with extreme caution, for there are many dangers involved. It has a bad effect upon the men who are taught to look to public authorities for the support of private individuals, and it thus tends to break down the thing which must be insisted upon, namely, that the man most interested in finding work for the unemployed must be the unemployed man himself. The danger is that such work will have, permanently, a bad effect upon the rate of wages and so will injure the workingman. It will also have a bad effect upon the normal supply and

demand for labor, and retard rather than hasten the economic readjustment.

To prevent these evils public relief work should always pay a less rate of wages than is usual in such undertakings and less than the ordinary market rate for labor, so that the relief work may be devoid of attraction. It is also usually wisest to provide such work only for men who have families. These ought to be paid not in money but in such commodities as provisions and clothing. At least a large part of the wages should take that form.

Some suppose that the evil of unemployment is a feature of modern life alone, but such is not the case. John Locke, the philosopher, made a report upon the question in his day. Among his recommendations were: first, the suppression of unnecessary ale houses and brandy shops; second, if a man be found traveling about without a pass, for the first offense he should lose his ears and for the second should be transported; third, all men found begging, sound of limb and mind, were to be transported to a seaport town and impressed as seamen for three years. There was certainly vigor in these proposals. Some countries, however, to-day require a pass for any man seeking work, giving the name and address of the bearer.

One of the classical illustrations of the dangers of a government undertaking to provide work for all workmen is the national works of Paris in 1848, where it was proposed to erect government buildings, to construct railways and railway stations, and to enroll all workingmen who might apply. In a very short time 14,000 men were registered for a franc and a half a day. The result of



public generosity was that private industry came to a standstill, strikes ensued, and so great was the public disorder that the army was called in, and after three days of bloody street riots the works were suppressed.

Various modern undertakings, both by public and private charity, have been carried on to provide refuge, particularly for the weak and unfortunate among the unemployed. Germany has taken the lead in providing what are described as farm colonies. These are supported in various ways, but generally by public and private charity combined. The population of these farm colonies is of low grade physically and mentally and the large majority of them are ex-convicts. The fare is usually of the plainest, and though they are paid a very small sum in wages, these institutions, even with hundreds of residents, are not self-supporting. Since the guests are permitted to leave the colony whenever they choose, the length of residence is usually short. They are sometimes crowded in winter and do not have sufficient labor in summer for the work to be done.

Many private agencies have carried on work for those economically disabled and some of them with economic success. Among such institutions the Maison de Travail, in Paris, presided over by the sisters of charity, with its workshops, its laundries, its mattress factory, is not only self-supporting, but actually earns a profit.

In times of great demand for labor those who will not work are easily sifted out. They belong to that class of traveling public who are called tramps. In countries where free migration is allowed, these men go where work tests are unknown, where charity is not organized,

and where the authorities are not vigilant. Other things being equal, they follow the sunshine and prefer to avoid winter as they avoid work. Among the number are the weak, the unfortunate, the diseased, the criminal, and the broken-hearted. Among them, also, are some cases of men originally of fine stuff who, by recurrent disappointments, have given up the battle. Others of them, overworked and stunted when children, have become economic rebels in maturity. Where communities insist upon residence and insist upon knowledge with respect to all individuals, and where food and shelter are provided on terms of work sufficiently severe, the tramp is rarely found. Repressive measures, however, are not all that is required, but sympathy and guidance and insight which are usually better obtained from private charities than from those managed by the public.

In some of the northern States of America there is a peculiar type of the partially employed which may have a parallel in some other parts of the world. This is the man who will work hard for a short time until he has laid up a considerable sum of money. He works at employments that require hard labor, but which last for a limited time. In the wheat harvests he is found anywhere between Wisconsin and Kansas, and so soon as the autumn closes his active labor, he drifts to some nearby town or city and spends his wages in riotous living. He then becomes a mendicant, receiving what alms he can find. In the latter part of the winter we may follow him to the lumber camps of the north. After performing his task he makes his way back again to the vices of civilization and soon is ready once more for the assist-

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ance of the well disposed. A few weeks later, harvest begins again. Such is the career of the American hobo.

It will be seen that unemployment is partly personal and partly social. It is personal in so far as the greatest distress falls always upon those who are weak or who lack the thrifty virtues. It is social in so far as it grows out of the complexity of the wage system with its consequent uncertainty of steady employment. Whether there be in fact a rhythmic economic law, or whether seasons of great prosperity followed by seasons of industrial depression are due, as some writers hold, to unwise economic legislation, is an interesting problem.

THE NON-ENGLISH SPEAKING IMMIGRANT  
AND SOCIAL RIGHTEOUSNESS

By

GEORGE W. TUPPER

IMMIGRATION SECRETARY

YOUNG MEN'S CHRISTIAN ASSOCIATION  
MASSACHUSETTS AND RHODE ISLAND

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## CHAPTER XI

### THE NON-ENGLISH SPEAKING IMMIGRANT AND SOCIAL RIGHTEOUSNESS

THE non-English speaking immigrant looms large over our national horizon. At the outbreak of the present war there were approximately 10,500,000 people in this country who were born in localities where English is not generally spoken. Many of these have gradually acquired a working use of our mother tongue. Others have managed to exist without the benefits which a knowledge of English brings.

Although we Americans have been proverbial for our individualism — our reluctance to coöperate with the Government in social reforms, our absorption in our own peculiar interest — the term “social righteousness” is being increasingly used and its inner meaning broadly discussed. The fundamental ideas in righteousness are rules, standards, rendering justice. Social righteousness carries these ideas into the affairs of the whole community. A nation or community is socially righteous in so far as it gives to each of its members a fair chance to work, live, play and think under normal conditions. By “*normal conditions*” is understood those conditions which have become standard through the results of research, consultations with large numbers of representative workingmen, and their employers, the ad-

vice of social workers, educators, and the guardians of constructive social forces.

Now the normal standards of one age are by no means the standards of another. The medieval living conditions of a large percentage of the forefathers of our present non-English speaking population cannot become the "normal standards" for workmen in the United States in the present century. Normal standards must be those of our own times. Social justice must harmonize with the standards of the hour.

If we grant that social righteousness consists in the promotion and maintenance of the normal living conditions of to-day, are we justified in the belief that it is applied in any comprehensive way to our non-English speaking foreign born neighbors?

The majority of immigrants reach our country under false pretenses. Steamship agents and their assistants cast halos about this land of hope and promise which are often as false as enticing. The oppressed has heard of national liberty; the ignorant of free public education; the overpowered and crushed of a land of equality; the voteless of the privileges and power of the ballot; the ill-nourished of white bread, meat, and abundance of good things. As a result, most of our diverse ethnic groups have idealized the economic and social features of this new World. All too soon this Utopian vision vanishes, bearing in its train the dark clouds of suspicion, if not of despair.

The transformation usually begins at the port of entry. All the way from his native heath, the sheltering arms of old-world friends or new found acquaintances

have warded off the benumbing sensation of strangeness. Where the newcomer lands in New York he finds himself an alien. Fortunately under the intelligent leadership of Dr. Frederick C. Howe, the present commissioner, a great deal is being done to remove this first impression. Dr. Howe believes that a sojourn at Ellis Island should start newcomers on the way toward American citizenship. The startling contrast between the Old and New Ellis Island, however, shows that social righteousness has heretofore had a small part in our first hand contact with new arrivals. In Boston our immigration station is so situated and equipped that it becomes forever stamped on the immigrant's memory as the thief which robbed him of his most prized asset — his belief in the ideals of the New World. The Boston immigration station, where newcomers are housed, is both unsafe and unsanitary. The fire hazards are extraordinary. Cleanliness is almost impossible. Does this first touch with immigrants comply with the normal living standards of to-day?

As soon as the immigrant lands he is confronted with another baffling experience which deepens his distrust of Americans' fair play. On the dock and in immigration stations he has been the ward of the Government. As soon as he leaves this shelter, armies of porters, expressmen, representatives of all kinds of boarding houses and hotels, vie with each other in overcharging, misleading, and cheating him. The pathway of newcomers often zigzags through mazes of organized and unorganized evil, the loss of unprotected property, exorbitant rates of money exchange and all the baffling, bewildering



experiences of isolated rural travelers in a great strange land. Should not the newcomer reasonably expect normal protection at this critical moment in his new World life?

One of his most confusing experiences involves the search for work. Provided work is plentiful, a job can easily be found. Should work be scarce a generous bribe or the promise of a weekly division of the contents of the pay envelope may secure the coveted chance of getting an economic start in this new country. Examples of this sort are, unfortunately, by no means rare. Is it any wonder that many intelligent newcomers conclude that "something is wrong in the United States"?

In the field of labor the non-English speaking immigrant meets many striking examples of social unfairness. The official ignorance of the Federal Government concerning the general condition of the labor market is an example. Irrespective of the over supply of unskilled labor in and adjacent to our great industrial centers, farm hands are in great demand, thousands of arable acres are annually withdrawn from cultivation, and much land capable of fairly profitable returns is allowed to remain uncultivated. When the newcomer first lands, the failure to place this information before him has affected our already grave industrial problems, increased the army of the unemployed and largely stimulated general social unrest. At the present time a large proportion of the 80 per cent. of our present immigrants who come from Old World farms are diverted to already glutted labor channels. Has the Old World farmer and farm hand had a "square deal"?

As an indication that the United States has recognized its failure to remove this barrier against the normal distribution of workmen, Secretary of Labor W. B. Wilson has quite recently made the following pertinent suggestion. The head tax surplus has now reached \$10,000,000. This money, Mr. Wilson proposes, should be spent in relieving congestion in our large cities. At government expense, new arrivals are to be transported to government lands which would be developed under government supervision. In connection with this scheme a farm credit bureau is proposed which lends money to individual farmers. Should this plan be executed it would take a long step toward social righteousness.

But has social righteousness any commanding share in fixing the wage scales and living conditions of non-English speaking immigrants?

According to the analysis of F. H. Streightoff, made in 1904, over 60 per cent. of the working males, sixteen years of age and over, engaged in industrial pursuits, earn less than \$626 a year: Thirty per cent. earn between \$626 and \$1044: Only 10 per cent. have an income of \$1000.00. In 1910 the special committee of investigation appointed by the Social Service Committee of the Federal Council of Churches concerning the industrial situation at South Bethlehem, Pa., reported that a living wage in America for a family of father, mother and three children under fourteen years of age is at least \$825; that \$600 to \$700 is not enough and that \$700-\$800 demanded very exceptional management. During the last six years living expenses have rapidly increased. A conservative estimate places this increase between 25

and 40 per cent. The number of people earning less than enough to maintain a decent standard of living is therefore on the increase. Provided intelligent national plans for practical relief are not devised immediately, we are going to face a vast army of underfed, miserably housed people who will become a social menace.

Of necessity a large proportion of the non-English speaking immigrants are found among those who earn less than a living wage. Bereft of speech all such are forced to begin at the very bottom of the economic ladder. Very often this first grip on the mechanism of our industrial life is absolutely foreign to Old World experiences. The Greek boy fresh from his mountain village, his goats and open air life, ties himself to the boss of a shoe shine parlor — a padrone — who undermines health and shuts out American influences. The Polish peasant, born on the level open plains of his ill fated land, finds himself pushed by economic stress into the bewildering life of mine or mill. The university graduate is found in hotel kitchens, club-lobbies or as servants in private houses. Well educated women go to sweatshops on less than five dollars a week; a skilled embroiderer into bake-shops on five dollars, skilled dressmakers and needlewomen on starvation wages in a laundry. The jobless worker and the manless job are matched without reference to personal fitness or past experience. *If a comprehensive history of immigrant workmen* is ever written it will reveal a pitiful tale of atrophied experiences, wasted ability and useless economic connections. Social righteousness has still a large part to play in adjusting the

employment and pay of a large part of our non-English speaking population.

The application of social righteousness to the living conditions of *non-English speaking immigrants* would result in a peaceful revolution of many preconceived ideas. During the last ten years especially, public sentiment has been centering on the congestion of population in the poorer sections of our large cities and the general home environment of newcomers. Until the Immigration Commission made its elaborate returns, however, reports and suppositions were based on such scant data that it was impossible to judge of average living conditions. To-day we have accurate knowledge of 10,206 households and the statistics from 51,006 individuals. From these reports the facts are established that most of the non-English speaking immigrants are hard working honest folk, that their homes are often more clean and tidy than one would reasonably expect, and that the most undesirable conditions are frequently the result of lack of water supply, defective drainage and lack of attention to the condition of the streets. When these facts become a part of our community intelligence the newcomer's stock will rapidly rise in value. But a general knowledge of these facts does little to relieve the tension of overcrowding. All of our large cities and even some of our towns furnish examples of this form of social disgrace. Do our foreign born neighbors overcrowd their houses from economic necessity or choice?

The majority of our non-English speaking immigrants come from the country. Syrians, Italians, Poles and

Lithuanians, who form a large percentage of our recent immigration hail from small villages, the large estates or the little farm. These people have always lived in the open. Slum life is repugnant to them. In the Old World they lived in small, detached one-storied houses adjacent to their work. Few had even heard of the three-decker or many storied tenements in which thousands of newcomers find a shelter in this country. Provided agriculture were as well organized in this country as other industries, thousands of immigrant city dwellers would doubtless settle on the land.

The plea that the living conditions of non-English speaking immigrants is lower than that of Americans in similar industries is, however, well founded. Whether this difference is due to ignorance on the part of newcomers, their inability to adapt themselves to a new environment, the refusal of their American co-workers to associate with them, or the lack of interest on the part of the employing class, is difficult to determine. Instances from many sections of the country lead to the conclusion that where immigrants have been isolated and neglected by the American population, the worst living conditions obtain; and that judicious efforts for bringing Old and New World peoples together, on the other hand have resulted in increasing mutual respect and higher standards of living. Where manufacturers have requested and expected a certain standard of life as a basis for a living wage irrespective of native or foreign birth, the non-English speaking employee has quickly adjusted himself to the new demands.

Last winter I had the privilege of reading the first re-

ports of the investigators sent out by the Ford Motor Company to collect facts concerning the living conditions of all their employees. In many cases families were living below the standard set by the company. When the details of the new standards were carefully explained through interpreters and photographs, nearly 1000 families moved into better quarters in order that they might qualify for the bigger pay envelopes. It was certainly stimulating to hold the records of old living standards in one's hands as one listened to a story of general satisfaction with new standards and new conveniences. Mr. Ford traces all this improvement to increased pay and supervision of education. Social righteousness will find ample avenues for expression, through working for a living wage and the normal living conditions of immigrant folk.

An equally large field for a demonstration of the principles of social righteousness is found in construction camps where men are completely isolated from normal living standards. According to the estimate of large construction companies less than 20 per cent. of the men now engaged in work of this kind are of American descent. Italians, Portuguese, Poles, Greeks and Russians — non-English speaking people are employed. These workers are usually housed in box cars or crude shanties of corrugated iron or wood covered with paper. They sleep in bunks. There is little ventilation, a scant supply of water, usually no provision for outhouses or sanitary regulations. Here is a field sufficiently large for any ambitious social worker who feels the call of a large class of neglected men.

In the Report of the Massachusetts Immigration Commission, the need of the application of social righteousness is emphasized, as follows:

"The sensibilities of the American community have, however, never been sufficiently shocked to make the community really face this problem of seasonal construction work. In every large city in this country the social cost of this failure to control camp conditions can be measured in the unemployable group that lives in the cheap lodging districts. After several seasons these 'underemployed' men, because of these conditions, become incapable of self-control, and therefore diseased and helpless, they constitute the 'by-products' of construction work and are then catalogued as 'unemployables.' On this forceful statement comment is unnecessary."

This very imperfect résumé of some of the problems of non-English speaking immigrants emphasizes the abnormality of their lives. The majority leave the Old World with exaggerated expectations of financial and social success on this side of the water. Their reception here is often depressing, their first contact with American life repellant, their isolation from our best influences almost complete. Through what channels are normal living and working conditions to be established? What fundamental principle is involved in a social program which is directed toward the assimilation of the diverse ethnic elements now living in semi-isolation in the United States? The answer is axiomatic—the principle of good will. Like many other simple principles, this, however, has very far reaching results.

To many Americans this principle will seem the height of foolishness. Such claim that they have never harbored ill-will against any class, much less against newcomers who cannot speak English. Our social institutions and general social customs, however, express the will and sentiments of the majority. Through these we find an atmosphere charged with hostility toward or arrogant toleration for many recent arrivals.

Not long ago a number of newcomers applied for membership in one of our great philanthropic organizations. Immediately many of the members objected to their presence. Some even withdrew their membership and financial support. A few non-English speaking people move into a locality. Signs "To Let" soon appear in the windows. The "foreign colony" is left in complete isolation. A New England born relative of mine expresses the sentiments of many when she says: "Let us move away and leave the State to these wretched foreigners." A group of fifty immigrants fled from a certain city not long ago because they said "They were wretchedly fed and paid and treated like dogs." Prominent women in a New England church objected to the presence of Old World peoples in the vestry "because they would fill the place with insects." The Americans who have been in this country a little longer are often un-American enough to snub those who have just arrived. Professor Royce aptly sums up this remarkable social situation when he declares: "Our so-called race problems are merely the problems caused by our antipathies."

This deep seated antipathy is maliciously contagious.



The foreigner feels its infection and gathers his forces in his struggle for a place in the New World. Dissatisfaction and ill treatment, small pay and wretched housing, the open doors of saloons, brothels, and gambling dens, the loud clamors of social extremists, the absence of Old World restraints and the difficulty of finding an interpreter for American ideals, often corrals non-English speaking immigrants against the intolerance of un-American absolutism. So class opposes class and the Old World and the New cross swords. Where such conditions persist the reign of social righteousness will ever be conspicuous by its absence.

But these conditions need not exist. Based on irrational antipathies they must vanish before the march of that common sense which roots itself in an enlightened public conscience. American communities will eventually find that self preservation demands the living wage and normal living conditions for the men at the bottom. The manufacturer sees that highly developed expensive machinery calls for men physically and morally fit. School men have increasing visions of courses of study and class hours which will help the non-English speaking immigrant and his children to connect with constructive community forces. Broad minded, alert citizens are beginning to see that an education in citizenship is imperative and that this important work cannot be trusted to the selfish politician, the shyster or the half informed. On the other hand newcomers are finding that they conserve their own interests through working with the new American note of coöperation.

As I write I have before me the rough draft of Rocke-

feller's new system of dealing with the industrial situation in Colorado. Its great objective is the democracy of industry. All questions bearing on wages, hours of work, living conditions and general welfare are to be discussed by the men immediately interested. No official or salaried representative of the company is allowed to attend these meetings. Only in extreme cases is an appeal to reach the ear of the manager. If adjustments are not satisfactory the case goes to a mediator — a man who has been a miner and a mine superintendent. In this democracy of good will miners and owners believe they have a remedy against the industrial revolutions which have terrorized the state for years.

The prophetic vision of the New Earth is slowly becoming realized. Social righteousness is gradually penetrating the dark neglected areas in our national life. Much remains to be done. But the privileged few who "see" are passing on the torch. And, through this increase of light that greatest of modern miracles is revealed "the blending of the best ideals of the Old World with the best ideals of the New."

1. The first part of the document is a list of names and addresses of the members of the committee.

THE UNEMPLOYED MAN AND THE CHURCH

By

HENRY A. ATKINSON

SECRETARY, SOCIAL SERVICE COMMISSION

THE NATIONAL COUNCIL CONGREGATIONAL CHURCHES  
OF THE UNITED STATES



## CHAPTER XII

### THE UNEMPLOYED MAN AND THE CHURCH

“**T**HE man willing to work and unable to find work,” said Carlisle, “is perhaps the saddest sight that fortune’s inequality exhibits under the sun.” Not only is he a sad sight, but he presents a problem that must be solved else our whole social life will be in danger of destruction. So true is it that the rapid increase in unemployment during the last few years in the United States represents “not a want to be satisfied, but a disease to be eradicated,” that we can easily credit Lord Macauley with prophetic insight into our institutions and the probable course of our national history when he said, “wages will be as low and will fluctuate as much with you as with us. You will have your Manchesters and your Birminghams, and in these Manchesters and Birminghams hundreds of thousands of artisans will assuredly be some time out of work. Then your institutions will be fairly brought to the test.” The startling increase in the amount of unemployment the last few years is enough to make us pause and consider the reasons for it and devise methods whereby these bad conditions may be made better.

Through a long period of years the number of unemployed men has been growing larger year by year. It is very difficult to get at the actual number who are out

of work, but by taking the figures from a number of cities that have investigated the subject we gain at least an idea of the seriousness of the situation and the total number of men involved. During the winter 1914-15 the Metropolitan Life Insurance Company estimated that 442,000 persons were unemployed in New York City. Another careful canvass of the situation was made by the agents of the Federal Bureau of Labor Statistics estimating the number unemployed late in the winter as being 398,000. The year before an estimate of 325,000 had been made, but these figures were seriously questioned. However, all thoughtful people who took the trouble to look into the situation felt safe in saying that there were at least 400,000 unemployed men in the city during last winter. The report of the committee appointed by the Mayor of Chicago showed an equally bad state of affairs. Considering the comparative size of the two cities there were the same proportionate number of men out of work in Chicago as in New York. It may be urged that Chicago and New York would naturally attract the unemployed man, but the careful study made in Boston, Seattle and other of the major cities of the country revealed the fact that the condition was pretty general throughout the nation. A study of the entire state of Rhode Island, made by Mr. Bohner of the Young Men's Christian Association, showed that there were 30,000 unemployed men in the state; 15,000 in the city of Providence and about 5000 others who were working only part time. In Lawrence, Massachusetts, the committee reported about 5000 out of work and 20,000 on part time, most of them working half

time or less. At Brockton an average of between 4000 and 5000 were unemployed during the entire winter. We must realize that the figures secured so far are totally inadequate. No accurate comprehensive survey of the unemployment situation has been made. Over and above the fact of the large numbers of men out of work this last year, which may be accounted for at least in part by the unusual industrial conditions brought about by political changes and by the world war, there is one fact that stands out prominently and that is that the problem of unemployment has been gradually growing worse. At all times of the year there are a large number of men willing to work who are unable to find anything to do and this number is increasing.

As yet we have failed to realize the seriousness of the problem. Many well-to-do people, living in comfortable circumstances, whose position and income is assured, will deny some of the most conservative statements that can be made concerning this subject, and will quibble over such a question as whether it is not true that the large majority of the men who are out of work are the inefficient, the shiftless and the lazy. Such persons have not taken the trouble to acquaint themselves with the true condition of affairs, much less to ask this question — Why should there be such a great increase in the number of men unemployed no matter what may be the causes that lie back of the increase? In the report made before the National Conference of Charities and Corrections in Baltimore in May, 1915, Professor Henry R. Segar of New York City said: "Unemployment in its larger aspect is an industrial, not a personal problem. It

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was widespread this last winter, chiefly because of the dislocation of our industries due to the European War. This should not cause us to forget that it was also widespread the winter before when there was no war or rumor of war; and that, not only in this country but in every country, it is recognized by economists as a problem of growing seriousness. Underlying and magnifying unusual causes of unemployment like the present war or the change in the tariff two years ago are persistent and regularly recurring causes."

Under our present conditions unemployment has become one of the by-products of our industrial system resulting largely from the increase of the large scale production by means of improved methods in factory and workshop. The old individual relationships between workmen and employer have given way before the new methods and the forces that determine conditions are largely outside the range of the individual control. The new inventions and the new ideals of efficiency have increasingly put the small producer at a disadvantage and have made the individual workman more and more dependent upon the system. The factory system depends for its success upon specialization. The processes of production have been simplified and the workers tend to become merely parts of the machine. When the machine stops the worker loses his position, and, because of the highly specialized process, he is unable to find anything else to take the place of his former employment. Another thing that has entered in to increase the amount of unemployment is that during the busy times the factory demands a great many workers. These necessarily live

in close proximity to the mill or factory. When they are thrown out of work it is almost impossible for them to find another job in the same neighborhood, and equally difficult for them to move into a new locality where there would be any better chance. In the close business organization of our day the markets are so controlled that a slack time in the industry in one place is very apt to come simultaneously with the same slackness in other places. Another factor entering into the situation is that under the present system many of the trades and occupations are seasonal in their character. For a few months in the year the industry is carried on with feverish activity, then there is a long period when nothing is done.

The unemployed may be divided into two general classes: First there is the man that is down and out. He is out of work because he is unable to work. A long period of loafing has unfitted him to perform the tasks necessary to the holding of a job. Two years ago in New York when the city was wrestling with this problem a heavy snow fell. At once the unemployed were put to work clearing the streets. A large number of men were unable to do the work and after a few hours gave out. In this group, that may be called the unemployable, are a number of the lazy, incompetent, shiftless and dissipated. The second group is composed of the efficient capable workman who is unable to find anything to do. The man out of a job begins to deteriorate, and however capable he may be at first he is subjected to the strongest pull downward. He and his companions, who find themselves in a like predicament, are the ones from

whom the large group of the unemployable are recruited. The efficient workingman thrown out of a job feels the injustice of the situation and his own helplessness to cope with it. More common labor is being utilized in carrying on the industrial processes. These common laborers are paid the lowest wages and become merely parts of the machine. A building contractor is authority for the statement that he is hiring more skilled men than he really needs; that much of the work that was formerly done by men who had to thoroughly understand their trade is now done by machinery in the factory, the finished product shipped to him and all that his men have to do is to assemble the parts, or put in place the pieces that have been prepared before hand. For instance, doors, floors, moldings and dozens of other parts of the building that formerly required skill in the cutting and fitting are now put up according to plans that are furnished with the finished part that is to be put in place. The more general use of steel and concrete has brought about great changes in the building trades. Almost every other industry has felt the effect of similar changes. The manager of a mill in a New England city boasts of the fact that he can control the price of labor because he has his mill work so systematized that he can take a green worker and make him efficient enough for all practical purposes in a week. "If a man cannot learn to run a machine and make good money in one week I have no use for him and will not give him a trial for a longer period of time." This more general use of common labor ought to relieve the pressure on the man at the bottom, but as a matter of fact the push is both ways.



While more common labor is being used the more competent men are crowded out, and by the process of deterioration they drop back into the ranks of those who are at the bottom of the industrial ladder. As a nation we are prodigal of our resources. Forests, streams, soil and mines have all been exploited. The most extensive exploitation, however, is that exploitation of our labor power which is chiefly responsible for the present condition of affairs.

The man out of work degenerates. His moral fiber is weakened and he becomes susceptible to evil. The process by which many a criminal has been made was begun in the hour that the man found himself thrown out of employment. Perhaps it was not his own fault, but having once been faced with the grim alternative of seeing his family suffer, or doing some criminal act, he accepts the latter as the easiest solution of the problem. It is rarely that a well fed man goes wrong. As long as a person is able to provide the necessities of life and keep himself and his family in a fair degree of physical efficiency through the use of an adequate amount of food, shelter and clothing, the chances are that he will develop a new and stronger interest in the things that have to do with the moral and social side of life. On the other hand, when the means of livelihood are taken away and a man finds himself denied the opportunity to work, which means that the things that are necessary to satisfy the most fundamental needs of himself and his family can not be secured, the moral effect on this man, his family and society can hardly be exaggerated. The whole structure of our life is dependent upon and pre-

supposes regularity of employment. Not only does the fact of being out of a job cut off a man's means of livelihood, but the psychological effect of being forced to live the life of a loafer is bad, which, taken together with the breaking of the accustomed habits acquired by years of industry, puts a severe strain on the standards of morality which have been built up by long and painful processes. The unemployed man may react in one of two ways: He will become an anarchist and spend himself in fighting the system under whose injustice he suffers, or he will give up the struggle and become simply a drifter upon the tide of the city's life, a social outcast. One of the mottoes of the French Revolution was "The Right to Work." That the same spirit which formulated and presented this demand at that time is reborn in the heart of the unemployed man may be proved by reading the revolutionary literature of our day. If you will listen to the address of any representative of the Industrial Workers of the World, or any anarchist haranguing the street crowd from his soap box, you will find that his bitter protests against present conditions are the natural and almost inevitable reaction caused by unemployment. The other extreme will be found in the poor old ragged, dirty specimen of humanity sitting hunched up on the bench of the city park. His eyes see little. The stream of life passes him by unheeded. He is simply the husk of a man. All that was best in him has disappeared.

In periods of unemployment crime increases. Vice and immorality present new problems to city, county and state. Mrs. Solenberger from her studies showed that

the lodging house, the saloon and places to which the unemployed man goes for recreation, or as a temporary home, have a bad moral effect upon him. Graham Taylor is authority for the statement that one of the boys in a murderous gang that terrorized Chicago became a member of the gang during an out-of-work period five years before the crime was committed. He wrote to his mother just after he was sent to the penitentiary: "If I had not been out of work I never would have gotten into this trouble." The effects of unemployment are so bad that many industries keep their men, if possible, even when it is not profitable to do so, for they recognize that even temporary unemployment tends to create inefficiency and to make men permanently unemployable. It means the loss of the work habit and develops a slackness of physical and moral fiber. So in discussing this question it is not enough simply to figure the loss in dollars and cents. The greater loss is in the things that go to make up real manhood.

To remedy the situation and to guarantee to each man the right to a job will take the best thought that can be given. For the man out of work there should be immediate and adequate relief. Lodgings and meals of a better quality than are customary, can be, and ought to be, furnished. The man who is helped should be helped in such a way as to aid him in bettering his own condition. Everything that is given in the way of immediate relief must be recognized as merely a temporary expedient. No problems are ultimately settled through charity. Four principal suggestions have been made for the prevention of unemployment:

1. The establishment of public employment exchanges. It is of the utmost importance that some method should be devised whereby the man needing the job and the job needing the man can be brought together. This cannot be worked out except as we develop a system of labor exchanges. These must be local, cared for by the municipality, state-wide and nation-wide. At present the labor bureau is very often a hindrance rather than a help. With the nationalization of the labor exchanges each would work in coöperation with the others and there would be a closer supervision and standardization of the private labor bureau.

2. Systematic distribution of public work. The labor exchange could not create work. It would simply provide the machinery for bringing the man and the job together. Much can be done by so arranging the public work, such as putting in water works, sewer systems, making roads, building bridges, and other work of similar nature that can be done in the periods when there is the greatest amount of unemployment.

3. Making industry more regular. Some attempts have been made in this line by the employers who have attempted to control the output of industry and by the laborers, to limit the output. There must be coöperation among all classes so that the work will be distributed more evenly through the year and there will not be the periods of depression when work is scarce, followed by periods of feverish activity when workers are crowded to their utmost capacity. Of course, it is understood that in some industries there will always be these changes. Certain trades are seasonal in their very nature,

but by an intelligent study of the whole question employment can be made more regular than it is at present.

4. Unemployment Insurance. This measure has been adopted with success in Great Britain, where the law provides insurance for 2,500,000 wage earners in six selected industries. Other countries have also found it a wise provision. Insurance against every form of ill and disaster is common; why not insurance against the greatest of all disasters that can befall a man dependent upon his wages? It is urged that an unemployment insurance scheme would take away the initiative and tend to make the worker less ambitious. We need not worry ourselves with such a probability. Were there danger in this direction it is still a pertinent question — Is not the danger of moral deterioration involved in this plan less than that which actually grows out of periods of unemployment?

The church is involved in this whole situation. During the past year the unemployed have marched into several prominent churches in various cities and have demanded that the church help them. The unemployed were condemned for these tactics, and some of the churches hired policemen to guard them. It is doubtless true that the churches have been expected to do more than it was possible for them to do, or than any one in his right senses could expect of them. At the same time the unemployed man was following out in practice what the churches have been urging in theory for a long time. If the church is a fundamental institution in the remaking of society and the reconstruction of our industrial life, then it can not evade the issue,



nor fail to shoulder its part of the responsibility for the care of the unemployed man. To open the church as a sleeping place for one group would not settle the question. It would, however, show that the church was willing to take whatever steps were necessary to show its interest in, as well as its appreciation of the human element involved. The most important, and at the present time one of the most necessary, things that the church can do is to help secure an organized knowledge of the labor market, so that its conditions will be as constantly and as thoroughly reported as are those of the weather. For this purpose there must be created an agency capable of doing the work. The church can help create sentiment and knowledge for this purpose. It can also coöperate with the other agencies that are studying the situation and help in making effective the fourfold program for the cure of this evil.

The churches have come in for more than their share of criticism. As a matter of fact they have done a great deal. More this last winter than ever before. The churches have done more to help care for the unemployed man than almost any other organization. This does not mean that the organized church has preëmpted the field, but the churches have been the chief sources from which the charity and relief agencies have secured the funds necessary to carry on their work. In one church last winter a group of the members made weekly calls on all employers in their community and sought out every available job. At the same time through coöperation with the central committee appointed by the mayor they knew the men who were in need of jobs, and through this

method were able to secure employment for a large number of unemployed men. Another church created a loan fund and this was used to help the families in the neighborhood who otherwise would have become objects of charity and their children possibly been forced out of school. Another church urged its members to hunt up all the odd jobs that could possibly be done in and around their homes. Quite a number of unexpected jobs were found in this way. The employers connected with one church were called together by the pastor, the matter presented to them and they were urged to continue just as many of their men as possible on the pay roll. The pastor reports that to his own knowledge several of the concerns kept their force at work when it would really have been to their advantage to close down the establishment. In other cities are examples of churches which provided soup kitchens, hotels, homes and shelters for the homeless unemployed man. So when we make up our accounts, before we give voice to too harsh criticism, let us look at the facts, and when we have done this it will be found that the churches, while not doing all that might be done, in view of the seriousness of the situation and the difficulty of knowing just what to do, have done splendidly.

The world war has brought about entirely new conditions. We are face to face with a new task. The return of thousands of immigrants to their own country has lessened the pressure on the labor market. The new industries that have sprung up have absorbed about all the surplus labor power. The new demands upon us, making America, as they do, the chief producing nation

of the world, solve our problems for the present. It will be years before we are faced with the same serious situation that faced us last winter, but the same forces are at work, the same evils underlie the industrial system, and it is to be hoped that the churches, as well as other forces and organizations of society, will coöperate to work out a systematic plan by which the evils in the industrial system may be eradicated and the conditions under which men labor be so changed that when times again become normal, and when the special demands are satisfied and the balance is restored between the labor demand and the labor supply, that the inherent evils that force the unusual and dangerous situation that has faced us may become impossible.

## THREE NOTABLE INVESTIGATIONS

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## CHAPTER XIII

### THREE NOTABLE INVESTIGATIONS

**W**ILLIAM HENRY BEVERIDGE, Barrister-at-Law; Director of Labor Exchanges and Assistant Secretary to Board of Trade (Labor Exchanges and Unemployment Insurance Department), London, England, has been prominently identified with the investigation of unemployment in Great Britain. He has been instrumental in organizing efforts to control and overcome it. He has also been an important factor in shaping British Legislation, aiming to remedy unemployment and its ills. He is recognized as perhaps the most eminent authority on the unemployment problem.

In his book<sup>1</sup> he has treated the Industrial Problem in a very able, exhaustive and comprehensive way. This book of his has had a large circulation and is worthy of the widest reading.

Mr. Beveridge, on account of the stress of official duties, intensified by the European War, was prevented from preparing a special chapter for us to be used in this volume. However, by his courtesy and that of his publishers, we are permitted to quote from his book.

Our space permits us only to cite two or three of the outstanding and fundamental findings of his investiga-

<sup>1</sup> "Unemployment: A Problem of Industry." Longmans, Green & Company.

tion. His opinion of the gravity and importance of the problem of unemployment is shown in the opening sentence of his book. "The problem of unemployment lies, in a very special sense, at the root of most other social problems." "Reasonable security of employment for the bread-winner is the basis of all private duties and all sound social action."

The intimate relation which the wages problem bears to the problem of unemployment is recognized in the closing sentences of his third chapter, page 37. "Ultimately, therefore, seasonal fluctuation becomes a question not of unemployment but of wages. From an economic point of view no industry is self-supporting unless it pays wages sufficient to keep men, not only while they are at work, but also while they must stand idle and in reserve. Where in any occupation seasonal fluctuation year after year brings round acute distress, that occupation must be judged as one in which wages are too low or ill-spent, because they do not average out to a sufficiency for the slack months as well as for the busy ones. It is from this point of view that the problem must be regarded. It is upon this basis that its treatment must be attempted."

Discussing "Cyclical Fluctuations" of industrial activity, he finds that the root of the trouble appears to be firmly located in our past and present industrial system and social customs and aspirations. In the final words of this chapter Mr Beveridge, in plain, unmistakable language, tells of the seriousness and obstinacy of the disease and the difficulty of the cure. Page 67, "The causes of this fluctuation are obscure, but, beyond ques-

tion, deeply seated. They are at work in all industrial countries. They must spring from one or more of the fundamental facts of modern life."

"They probably cannot be eliminated without an entire reconstruction of the industrial order. They certainly will not be eliminated within the next few decades. Within the range of practical politics no cure for industrial fluctuation can be hoped for; the aim must be palliation. Measures of palliation, however, may be bad or good, hasty or well thought out, retrospective or prospective. The actual measures to be taken depend upon consideration of the effect of trade depression upon individual men and in combination with other factors. The need for some measures is undoubted. Cyclical fluctuation of trade may have economic justification. Its course is strewn with individual disasters."

In his chapter eight, Mr. Beveridge reviews some of the principal efforts of the past to remedy unemployment and its resultant distress and disaster. How insufficient such attempts have been is well stated in the concluding sentences of page 191: "The operations of Distress Committees may be criticised from many points of view — on the ground of the expense; as involving interference with independent labor; as weakening the incentive to self-help and individual or collective thrift; as demoralizing men by accustoming them to earn only half their wages. There is weight in all these criticisms. The main criticism and the one emphasized by all the history of the past is that these operations are altogether inadequate and misdirected. The Unemployed Workmen Act has done a good deal in the way of collecting informa-



tion. It has done a little to coördinate existing agencies and improve in minor points the administration of special relief. It has not made any appreciable impression upon the problem. Its main service has been to demonstrate beyond question its own essential inadequacy and the inadequacy of all measures which, like itself, leave industrial disorganization untouched and deal only with the resultant human suffering."

Having analyzed the principal factors of the unemployment problem, and having noted the most important of the remedies attempted in the past and their failure, Mr. Beveridge takes up "Principles of Future Policy" in two chapters. At the very threshold of the discussion of future policy, he names two things to be remembered. "First, the policy is one for the permanent and preventive treatment of the problem; it is not concerned with what may here and now be the best available palliatives for present distress." No attempt is made to give the details of working it out — only the general plan is suggested — details must be worked out in practice. Things to be kept constantly in mind, in our "Principles of Future Policy," are that "unemployment is a question not of the scale of industry but of its organization." . . . "The paradox has to be faced — that the creation or provision of work is the one thing that is no remedy for unemployment. It may palliate immediate distress. It may increase general prosperity. It may cause unemployment for a while to be forgotten. It does not banish disorganization from the State." Another conclusion which Mr. Beveridge gives us in his study of "future policy" is of prime importance. "The two things

— public business and public relief — cannot be combined. Neither singly nor in attempted combination can they dispose of the need for attacking the causes of unemployment. The first step in this attack must be the organization of the labor market.”

But the most perfect organization of the labor market is only a beginning in the solution of the problem as he shows in chapter ten of which we quote the opening sentence. “When all has been done that can be done to organize the labor market, many further measures will be needed.”

“The final chapters serve to define what needs to be done rather than to set out in section and subsection the way of doing it. They must be judged as a statement of remedial policy, not as a compendium of practical reforms. The guiding principle of this policy is the reduction of the question of unemployment to a question of wages. Along that line alone but along that line certainly will the problem of distress through unemployment at last be solved. . . .

The question is simply that of determining that the problem shall be solved.

The problem of unemployment — this is a point that cannot be too strongly emphasized — is insoluble by any mere expenditure of public money. It represents not a want to be satisfied but a disease to be eradicated. It needs not money so much as thought and organization. It needs above all to be taken seriously.”

In the latest editions of Mr. Beveridge’s book, the appendix, consisting of several chapters, gives much valua-

ble information regarding labor exchanges in Germany and Great Britain, and also statistics of unemployment insurance.

#### THE AMERICAN ASSOCIATION FOR LABOR LEGISLATION

The American Association for Labor Legislation, which also includes the American Association on Unemployment, has on its list of officers and general administrative council names of men and women from all parts of our country, prominent in commercial, financial, industrial, educational and philanthropic work.

Dr. Henry R. Seager of Columbia University is its worthy president and Dr. John B. Andrews the efficient secretary. Those who are familiar with the important work undertaken by this Association will appreciate the valuable contribution which they have made to the investigation of unemployment. "A Practical Program for the Prevention of Unemployment in America" has just been published by them. The "Foreword," which we quote, is illuminating and impressive.

"The time is past when the problem of unemployment could be disposed of either by ignoring it, as was the practice until recent years in America, or by attributing it to mere laziness and inefficiency. We are beginning to recognize that unemployment is not so much due to individual causes and to shiftlessness of 'won't-works,' as social and inherent in our present method of industrial organization.

"During the winter of 1914-1915 the Metropolitan Life Insurance Company, at the request of the committee

on unemployment appointed by the mayor of New York, estimated after a careful canvass of its industrial policy-holders that 442,000 persons were unemployed in New York City. In the first two weeks of February a careful canvass was made by agents of the federal Bureau of Labor Statistics, on the basis of which it was estimated that 398,000 were still unemployed at that time. The disputed estimate of 325,000 unemployed in that city alone, made during the previous winter by the Association for Improving the Condition of the Poor, seems, therefore, not to have been exaggerated. At the same time relief agencies in many other cities were swamped. Municipal lodging houses were turning away many genuine seekers after work — to sleep on bare boards at the docks, in warehouses, even in morgues.

“The United States Census for 1900 showed that 6,468,964 working people, or nearly 25 per cent. of all engaged in gainful occupations, had been unemployed some time during the year. Of these 3,177,753 lost from one to three months' work each; 2,554,925 lost from four to six months each; 736,286 lost from seven to twelve months each.

“Similar data were collected by the government in 1910, but they are still unpublished.

“In 1901 the federal Bureau of Labor investigated 24,402 working class families in thirty-three States, and found that 12,154 heads of families had been unemployed for an average period of 9.43 weeks during the year. The New York State Department of Labor collected reports each month during the ten years 1901–1911 from organized workmen averaging in number 99,069 each

month, and found that the average number unemployed each month was 14,146, or 18.1 per cent.

"The federal Census of Manufacturers for 1905 shows that in one month 7,017,138 wage-earners were employed, while in another month there were only 4,599,091, leaving a difference of 2,418,047. That is to say, nearly two and a half million workers were either unemployed or compelled to seek a new employer during the year. These figures were drawn from the manufacturers' own records.

"It is important, therefore, that those who are aiming at the prevention of unemployment in America should never forget that it is a problem continually with us, in good seasons as well as in bad seasons. Occasional crises, with their sympathetic demands for temporary relief, should not blind us to the need for a constructive program. In the meantime the community, as a result of its past neglect to adopt some energetic constructive policy on unemployment, is being constantly confronted with an army of idle workers whose distress, which becomes conspicuous with the approach of bitter weather, demands and, according to the analysis here presented, deserves adequate relief.

"Much unemployment is clearly caused by lack of efficient means for supplying information of opportunities and for enabling workers to move smoothly and rapidly from job to job. *Public employment exchanges must be established.*

"A careful arrangement of public works to be increased in the slack seasons and lean years of private industry would help equalize the varying demand for

labor. *Public work must be systematically distributed.*

"Much unemployment is due to irregularity of industrial operations over which the workers have no control. Periodic abnormal excess of labor supply over labor demand is caused by the fluctuations of industry, which in its present disorganized form makes necessary constant reserves waiting to answer calls when they come. Hundreds of thousands more of workers are needed in good years than in bad years, and in each industry many more are needed in the busy season than in the slack season. Furthermore, in almost every business, special calls arise for more workers to be taken on for a few weeks, a few days, or even a few hours. The reserves necessary to meet these cyclical, seasonal or casual demands should be reduced to a minimum. *Industry must be regularized.*

"While reserves of labor are essential to the operation of fluctuating industries, the industry and the public should recognize their responsibility to return these workers to industry with efficiency unimpaired and in good health and spirits, and to preserve them from degenerating through privation into the class of unemployables. *Adequate unemployment insurance must be established.*

"In addition to these measures for directly attacking unemployment, a variety of other policies which are indirectly helpful should also be encouraged. Among the most important of these are better industrial training, a revival of agriculture, a proper distribution of immigrants, and adequate care for the unemployable.

"The general scheme of economic reconstruction and

organization here outlined is based upon a number of intensive studies carried on during 1914 by special investigators for the American Association on Unemployment, and will, it is believed, lead to conspicuous and permanent improvement in what has well been called one of the most perplexing and urgent of industrial problems."

Following the foreword, these definite suggestions are made for the prevention of unemployment.

"Any comprehensive and workable campaign for the prevention of unemployment should emphasize the following lines of activity: I. Establishment of public employment exchanges; II. Systematic distribution of public work; III. Regularization of industry; and IV. Unemployment insurance."

Several pages are devoted to painstaking explanations and specifications detailing the proper working out of the four lines of activity above suggested.

Regarding the establishment of public employment exchanges, we make the following brief quotation. "About sixty public employment exchanges have been established by twenty-one American States, in addition to which about twenty have been opened by municipalities. In the Congress which adjourned on March 4, 1915, no fewer than six bills were introduced for the establishment of a national system of labor exchanges under the federal government. In Great Britain such a national system, comprising over 400 local exchanges, is maintained by the board of trade, while Germany has 323 offices and France 162, all maintained by local authorities."

One brief quotation, also, regarding systematic dis-

tribution of public work: "A well developed system of labor exchanges will not, of course, create jobs, but in addition to bringing the jobless workers quickly and smoothly in contact with such opportunities as exist, it will register the rise and fall in the demand of labor. This knowledge will make possible intelligent action for the prevention and relief of unemployment through the systematic distribution of public work and the pushing of necessary projects when private industry's demand for labor is at a low level. . . . Even at slightly additional cost regular public work should be conducted in years of depression and seasons of depression. A program of the amount of public work contemplated for several years in advance should be laid out and then carefully planned to be pushed ahead in the lean years which experience has shown to recur periodically, and in the months when private employment is at a low ebb. European experience shows that it is essential to the success of such a program that the work be done in the ordinary way the workers being employed at the standard wage and under the usual working conditions and hired on the basis of efficiency, not merely because they happen to be unemployed. . . . The English statistician Bowley estimates that if in the United Kingdom a fund were set aside for public work to be pushed in times of depression, an average of \$20,000,000 yearly, or only 3 per cent. of the annual appropriation for public works and services, would be sufficient to balance the wage loss from commercial depression.

"Duluth, Minn., has adopted the policy of building sewers throughout the winter in order to equalize the



amount of employment. Detroit has found the digging of sewers in frozen ground no more expensive than under the blazing summer sun.

"In communities which have not yet developed such a program, or in times of special emergency, it is a much wiser policy to start large projects for public works than to support the unemployed through private charity or public relief. This should not be 'relief work' or 'made work' simply to keep idle hands busy, but should be necessary public work which would have been undertaken normally in the course of time, but which can be concentrated in the time of emergency. Over fifty American cities successfully carried on such work during the winter of 1914-1915. The work done included digging sewers, laying water mains, improving roads and parks, erecting school houses, and repairing other public buildings.

"The Idaho legislature passed an act establishing the right of every person who has resided in the State for six months to ninety days' public work a year, at 90 per cent. of the usual wage if married or having dependents, otherwise at 75 per cent. of the usual wage."

From the suggestions concerning the regularization of industry, we make the following brief quotation:

"Side by side with the movements for public labor exchanges and for systematic distribution of public work should go the movement for the regularization of industry itself, through the combined efforts of employers, employees, and the consuming public. . . . Consumers should arrange their orders and purchases to assist in the regularization of production and employment. . . .

Employers could do much more toward regularizing their output if consumers were more responsive to buy in the slack season. Such requests are often sent out by employers, and too generally ignored by consumers. Much irregularity is also caused by sudden, heavy orders and by rush orders. . . . The slogan of the consumer should become 'Shop regularly!'

We quote also briefly from their fourth line of activity, "Unemployment Insurance." "The final link, which unites into a practical program the four main methods for the prevention of unemployment, is insurance. . . . Although much regularization of industry can be accomplished through the voluntary efforts of enlightened employers, there is also needed that powerful element of social compulsion which can be exerted through the constant financial pressure of a carefully adjusted system of insurance. . . . To be regarded as secondary to this function of regularization is the important provision of unemployment insurance for the maintenance, through out-of-work benefits, of those reserves of labor which may still be necessary to meet the unprevented fluctuations of industry. . . .

"Compulsory nation-wide insurance against unemployment is found in Great Britain, where a law providing insurance for 2,500,000 wage earners in six selected industries went into effect on July 15, 1912. The successful working of the system points toward its early extension. Employer and employee each pay 5 cents weekly, payments being made, as with health insurance, through fixing stamps in a book, and a State subsidy is added amounting to one-third of the annual receipts from

dues. The annual income has been approximately \$11,500,000, and \$2,488,625 were paid out to about 1,000,000 cases during the year ending January 16, 1914. The large reserve fund which is accumulating is expected to meet the drain of future hard times. The workman may receive a cash benefit from the second to the sixteenth week of unemployment in each year, under the following conditions: (1) He must have worked in one of the selected occupations at least twenty-six weeks in each of the preceding three years; (2) his unemployment must not be caused by a strike or by his own fault; (3) he must accept work of equal value if found for him by the labor exchange. Less than 2 per cent. of all the cases have been found to be still out of work at the end of the sixteenth week.

"In advance of the careful grading of industries according to the degree of irregularity of employment, this British system offers financial inducements to employers to keep their working force regularly employed. An annual refund of 75 cents is made for each of their workers who has been employed forty-five weeks during the year. Moreover, an ingenious provision of the law entitles any workman over sixty years of age who has been insured more than ten years and who has paid more than 500 weekly contributions to a refund of his total payments minus his total benefits, with compound interest at  $2\frac{1}{2}$  per cent. This provision is intended to commend the system to the especially skilled and trusty workmen who runs little risk of losing his job."

## COMMISSION ON INDUSTRIAL RELATIONS

A large and influential group of economists and social workers presented to President Taft and to Congress the need for a searching inquiry into relations of Labor and Capital and the causes of industrial and social unrest.

Subsequently a law was passed by Congress and approved by President Taft, August 23, 1912, creating "The Commission on Industrial Relations."

The membership of the Commission was not definitely decided upon and confirmed until September 10, 1913, and the funds provided became available October 22, 1913.

The Commission, as provided by law, consists of nine members.

Three to represent the public.

*Frank P. Walsh*, the chairman, prominent lawyer of Kansas City, Missouri, and attorney for the Board of Public Welfare of that city. Also president of the Pardon and Parole Board and of the Civil Service Commission of Kansas City; promoter of Legal Aid Bureau; vice-president, National Social Center Association.

*John R. Commons*, professor of Political Economy, University of Wisconsin, and member of Wisconsin Industrial Commission; expert agent in 1901 of United States Industrial Commission; lecturer and writer on economics and labor problems and legislation.

*Mrs. J. Borden Harriman*, New York City, member of New York Milk Committee and chairman of committee on the reduction of infant mortality; vice-president Tuberculosis Prevention for Children.

Three members representing Employers of Labor.

*Frank A. Delano*, Chicago, receiver and former president of the Wabash Railroad.<sup>2</sup>

*Harris Weinstock*, San Francisco, merchant; founded *Barbara Weinstock* lectureship of Morals of Trade, University of California; appointed by Governor Gillette of California, in 1908, to investigate and report on labor legislation in New Zealand; member executive committee National Civic Federation.

*S. Thurston Ballard*, Louisville, Kentucky, owner of flour mills; active supporter of Child Labor Legislation.

Three to represent employees.

*Austin B. Garretson*, Cedar Rapids, Iowa, president of the order of Railroad Conductors.

*John B. Lennon*, Bloomington, Illinois, treasurer of the American Federation of Labor; member of the Commission on Social Service of the Federal Council of Churches in America.

*James O'Donnell*, District of Columbia, vice-president of American Federation of Labor; formerly president of the Machinist Union.

Section 4 of the Act creating the Commission defines its duties. The last sentence of this section reads: "The Commission shall seek to discover the underlying causes of dissatisfaction in the industrial situation and report its conclusions thereon." The first meeting of the Commission was held at Washington, D. C., beginning October 23, 1913. To assist in the work, it organ-

<sup>2</sup> March 17, 1915, Richard H. Aishton, Illinois, was appointed Commissioner to serve the unexpired term of Frank A. Delano, resigned.

ized a staff of efficient experts carefully selected from universities and state and national bureaus of statistics and other sources.

The work of the Commission comprises two large divisions:

1. Public Hearings.
2. Research and Investigation.

Our newspapers have, from time to time, published much regarding the progress of their work. However, some brief quotations from their first report to the sixty-third Congress will be in order.

Concerning the importance of accurate and widespread information the report says: "The citizenship of the United States has an eagerness for justice and a keen interest in our country's industrial problems. One of the great barriers to industrial progress has been the lack of widespread knowledge of existing conditions and of popular discussion of the many problems that arise from these conditions."

Regarding the causes of unrest the report says: "The primary duty imposed upon this Commission by Congress is to ascertain 'the underlying causes of dissatisfaction in the industrial situation.' While it is recognized that this subject is practically inexhaustible, it is believed nevertheless that the testimony furnishes an outline of the fundamental causes. Analysis of this testimony shows that the following causes have been most frequently advanced by the witnesses who have been questioned on this subject:

" 1. Largely a world-wide movement arising from a laudable desire for better living conditions.

"2. A protest against low wages, long hours, and improper working conditions in many industries.

"3. A desire on the part of the workers for a voice in the determination of the conditions under which they labor, and a revolt against arbitrary treatment of individual workers and against the suppression of organization.

"4. Unemployment and the insecurity of employment.

"5. Unjust distribution of the product of industry.

"6. Misunderstanding and prejudice.

"7. Agitation and agitators.

"8. The rapid rise of prices as compared with wages.

"9. A rapidly growing feeling that redress for injustice and oppression cannot be secured through existing governmental institutions.

"In addition it has been stated by many witnesses that the tremendous immigration of the last quarter century, while not itself a direct cause of unrest, has served to accentuate the conditions arising from other causes by creating an oversupply of labor, unfamiliar with American customs, language, and conditions."

Regarding *unemployment* the report says: "A great number of witnesses have touched, in their testimony, on various phases of this problem. Every witness who has discussed the question has pointed to its grave significance as one of the most important problems with which the country has to deal.

"It is a striking fact that this question is a more acute issue on the Pacific Coast than in the older sections of the East. Nevertheless, in every community that the Commission has visited, the witnesses have expressed

great concern at the tremendous amount of suffering that is caused by unemployment, and have pointed out the serious menace to society constituted by the presence of a large body of unemployed men.

"Witnesses testifying on this subject agreed almost unanimously that the first step in any program of dealing with unemployment must be the creation of a national system of labor exchanges, along the lines suggested in the tentative proposals for such exchanges which were prepared by the Commission and distributed among the witnesses for their comment and criticism.

"It was brought out that efficient labor exchanges would eliminate unnecessary idleness, and in addition would afford the information, which is not now available, for properly handling the unemployment inevitably caused by seasonal trades, casual labor, industrial depressions, and changes in the machinery and processes of industry. The question of unemployment is one of the most important that we have to consider. The Commission is convinced that quite a large measure of unemployment is due not to lack of work or willingness to work, but to a wretched and outworn system of labor marketing.

"Nothing comes more clearly to the Commission than the imperative necessity of organizing the market for labor on a modern business basis, so that there will be no vacant jobs and idle workers in the same community at the same time, or within distance where transportation is practicable. This problem is work for lawmakers, social engineers, practical employers, and experienced workers, who will plan the machinery for the



right adjustment of the supply and demand in labor, so as to reduce idleness to a minimum.

"Investigation of the great body of unemployed who were found drifting from one part of the country to another has shown that a very considerable percentage of them have become tramps because they were never taught in youth to perform any kind of work properly. Consequently, when they left the school they drifted from one job that led to no advancement to another, and finally lost their desire to be of real substantial use in the world. Organized society is responsible for this condition of affairs and must find an adequate cure.

"In the relation of this subject to industrial unrest, we find a growing feeling that not only education but the school itself is capable of, and should be made to provide, a wider and richer use for the people of our nation. May it not also be well to give training to workers dislodged from industry by ill health or new machinery? On every hand there is agreement that education must be stripped of its purely academic emphasis and brought into closer and more helpful relations with the business of living.

"Besides the children who are led ignorantly into industry, overcrowding certain occupations and leaving others unsupplied, there is also the problem of vocational guidance for immigrants. The quick and healthful assimilation of those who come to us from other lands is essential to national peace and prosperity. While this bears somewhat upon the question of intelligent distribution, it is not to be doubted that our educational system can be made to serve adults during the struggle for prosperity and citizenship. . . .

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"In conclusion, the Commission feels it right and proper to call attention to the magnitude of the task that has been assigned to them. As has been pointed out, the industrial conflict has a multiplicity of phases, and it cannot be expected that the Commission, a small body of our citizenship, can cover all questions that may be of substantial interest upon this great subject."

The final report of the Commission to Congress was submitted at the expiration of the Commission's term of service, August 23, 1915.

That it is a document of great value is illustrated from the following quotation from the letter of transmittal by the chairman. "The plan of submitting none but undisputed facts in the final report of the Commission has been faithfully adhered to.

"No statement or conclusion of fact adverse to the attitude or interest of any person or group of persons is submitted, except as declared or assented to by the person or by the individuals comprising the group affected. Thus, for perhaps the first time in the history of our Government, the facts in relation to conditions in the industries examined and the relations inquired into, are placed beyond the realm of controversy, and established upon the solid and scientific basis of ascertained and indisputable fact. It is believed that the work of the Commission has been conducted in a spirit of social justice and an earnest desire to serve the public, by bringing into the light the facts regarding the industrial relations of the country."

We quote also briefly from the introduction.

"The question of industrial relations assigned by Con-

gress to the Commission for investigation is more fundamental and of greater importance to the welfare of the Nation than any other question except the form of our Government. . . . The problems of industrial relations not only determine the life, security and happiness of the twenty-five million citizens of the United States who occupy the position of wage earners, but they affect for good or evil the Government of localities and States, and to a smaller degree that of the Nation itself."

We quote briefly regarding the causes of industrial unrest.

"The sources from which this unrest springs are, when stated in full detail, almost numberless. But upon careful analysis of their real character they will be found to group themselves almost without exception under four main sources which include all the others. These four are:

"1. Unjust distribution of wealth and income.

"2. Unemployment and denial of an opportunity to earn a living.

"3. Denial of justice in the creation, in the adjudication, and in the administration of law.

"4. Denial of the right and opportunity to form effective organizations."

#### UNJUST DISTRIBUTION OF WEALTH AND INCOME

The following quotation illustrates it:

"The recently published researches of a statistician of conservative views have shown that as nearly as can be estimated the distribution of wealth in the United States is as follows,

"The 'rich,' 2 per cent. of the people own 60 per cent. of the wealth.

"The 'middle class,' 33 per cent. of the people, own 35 per cent. of the wealth.

"The 'poor,' 65 per cent. of the people, own 5 per cent. of the wealth.

"This means in brief that a little less than two million people, who would make up a city smaller than Chicago, own 20 per cent. more of the Nation's wealth than all the other ninety millions. . . .

"The actual concentration has, however, been carried very much further than these figures indicate. The largest private fortune in the United States, estimated at \$1,000,000,000, is equivalent to the aggregate wealth of 2,500,000 of those who are classed as 'poor,' who are shown in the studies cited to own on the average about \$400 each. Between the two extremes of superfluity and poverty is the large middle class,—farmers, manufacturers, merchants, professional men, skilled artisans, and salaried officials,—whose incomes are more or less adequate for their legitimate needs and desires, and who are rewarded more or less exactly in proportion to service. They have problems to meet in adjusting expense to income, but the pinch of want and hunger is not felt, nor is there the deadening, devitalizing effect of superfluous, unearned wealth.

"From top to bottom of society, however, in all grades of incomes, are an innumerable number of parasites of every conceivable type. They perform no useful service, but drain off from the income of the producers a sum whose total can not be estimated.

" This whole situation has never been more accurately described than by Hon. David Lloyd-George in an address on ' Social Waste ':

" ' I have recently had to pay some attention to the affairs of the Sudan, in connection with some projects that have been mooted for irrigation and development in that wonderful country.

" ' I will tell you what the problem is,— you may know it already. Here you have a great, broad, rich river upon which both the Sudan and Egypt depend for their fertility. There is enough water in it to fertilize both countries, but if, for some reason or other, the water is wasted in the upper regions, the whole land suffers sterility and famine. There is a large region in the upper Sudan, where the water has been absorbed by one tract of country, which, by this process, has been converted into a morass, breeding nothing but pestilence. Properly and fairly husbanded, distributed, and used, there is enough to fertilize the most barren valley and make the whole wilderness blossom like the rose.

" ' That represents the problem of civilization, not merely in this country but in all lands. Some men get their fair share of wealth in a land and no more — sometimes even the streams of wealth overflow to waste over some favored regions, often producing a morass, which poisons the social atmosphere. Many have to depend on a little trickling runlet, which quickly evaporates with every commercial or industrial drought; sometimes you have masses of men and women whom the flood at its height barely reaches, and then you witness parched specimens of humanity, withered, hardened in misery, living

in a desert where even the well of tears has long ago run dry.'

#### UNEMPLOYMENT AND DENIAL OF OPPORTUNITY TO EARN A LIVING

"As a prime cause of a burning resentment and a rising feeling of unrest among the workers, unemployment and the denial of an opportunity to earn a living is on a parity with the unjust distribution of wealth. They may on final analysis prove to be simply the two sides of the same shield, but that is a matter which need not be discussed at this point. They differ in this, however, that while unjust distribution of wealth is a matter of degree, unemployment is an actuality, from which there is no relief but soul-killing crime and soul-killing charity.

"To be forced to accept employment on conditions which are insufficient to maintain a decent livelihood is indeed a hardship, but to be unable to get work on any terms whatever is a position of black despair. . . .

"The problem of unemployment has never received adequate attention, apparently because it has been believed generally that it affected only a small part of the working population. Such a belief is absolutely false. Not only is practically every wage earner in constant dread of unemployment, but there are few who do not suffer bitterly many times in their career because they are unable to get work. Every year from 15,000 to 18,000 business enterprises fail and turn their employees out, every year new machinery and improved processes displace thousands; cold weather and wet weather and hot weather stop operations and force wage earners into idle-

ness; and where there are not these natural causes there are the customs and habits and holiday rushes which result in overwork followed by under-employment. . . .

" Practically all wage earners are affected by the fluctuations of industry. To count the number of the unemployed at any given time becomes almost impossible, since the number is changing from day to day. . . .

" The permanently unemployed are really people who have dropped out of the ranks of industry, broken down by the unsteadiness of employment or other causes. Some are mentally defective or physically incapable or both. Others are 'down-and-outs,' who have lost the habit of working. Still others live by their wits, by begging, or by crime. During the most prosperous times, when labor is in great demand, these same people do not work. They are 'unemployed' in the same sense that young children, the old, and the sick, and those who live on their incomes from investments are unemployed. No amount of work that might be provided by public or private enterprise would have any appreciable effect on these unemployables. They need hospital or corrective treatment. In prosperous times they are considered the subjects of such treatment, but in every period of industrial depression they stand out as the most conspicuous element in the 'army of the unemployed.' The failure to distinguish these unemployables from those who are temporarily out of work on account of a slack season or the failure of a firm and those casual workers who are employed for part of every week or month, leads to hopeless confusion." A dozen or more pages of the report is given over to a very interesting discussion of " Existing

Agencies for Employment" and "Public Employment Agencies."

#### IMMIGRATION

"The evidence presented to the Commission is the basis for the following statements:

"1. The immigration policy of the United States has created a number of our most difficult and serious industrial problems and has been responsible in a considerable measure for the existing state of industrial unrest.

"2. The enormous influx of immigrants during the past twenty-five years has already undermined the American standard of living for all workmen except those in the skilled trades, and has been the largest single factor in preventing the wage scale from rising as rapidly as food prices.

"3. The great mass of non-English speaking workers, who form about one-half of the labor force in the basic industries, has done much to prevent the development of better relations between employers and employees.

"4. The presence of such a large proportion of immigrants has greatly hampered the formation of trade unions and has tremendously increased the problem of securing effective and responsible organizations.

"5. The unreasonable prejudice of almost every class of Americans toward the immigrants, who form such a large proportion of the labor force of our industries, has been largely responsible for the failure of our Nation to reach a correct understanding of the labor problem and has promoted the harshness and brutality which has so often been manifested in connection with industrial dis-



turbances. It has been and to a large measure still is felt possible to dismiss the most revolting working conditions, the most brutal treatment, or the most criminal invasions of personal rights by saying, 'Oh, well, they are just ignorant foreigners.'

"6. If immigration had continued at the average rate of the past ten years it would have proved almost, if not quite, impossible to have brought industrial conditions and relations to any proper basis, in spite of the most extreme efforts of civic organizations, trade unions, and Governmental machinery. The great diminution of immigration as a result of the European War has already begun to show its salutary effects.

"It is suggested that the Commission recommend:

"1. The enactment of legislation providing for the restriction of immigration based upon the general provisions contained in the so-called Burnett-Dillingham bill, which has received the approval of two successive Congresses. With a full realization of many theoretical objections which have been urged against the literacy test, the consensus of evidence is so strong that its practical workings would be to restrict immigration to those who are likely to make the most desirable citizens, to regulate immigration in some degree in proportion to the actual needs of American industry, and finally to promote education in Europe, that it seems necessary at least to urge that this plan be given a practical test.

"2. The enactment of legislation providing that within six months from the time of entry all immigrants shall be required, under penalty of deportation, either to declare their intention to become citizens by taking out their

first papers or to definitely register themselves with the proper authority as alien tourists, and further providing that all immigrants who have failed to take out their first papers at the end of two years shall be deported, as shall all who fail to take out their second papers when they become eligible, deportation in each case to act as a bar to future entry.

"3. The provision by the States and municipalities, with the assistance of the Federal Government, if necessary, for the education of all adult persons who are unable to speak, read or write the English language. In order to accomplish this it may be necessary to provide that employers shall grant certain definite periods of leisure for such instruction."

Our closing quotation from the final report of the Commission is taken from the "Supplemental Statement of Chairman Frank P. Walsh":

"Fourteen years before Abraham Lincoln was called to the high office, where he immortalized his name, he uttered these great truths:

"'Inasmuch as most good things are produced by labor, it follows that all such things of right belong to those whose labor has produced them. But it has so happened in all ages of the world, that some have labored and others have without labor enjoyed a large proportion of the fruits. This is wrong and should not continue. To secure to each laborer the whole product of his labor, or as nearly as possible, is a worthy subject of any good Government.'

"With this lofty ideal for a goal, under the sublime leadership of the deathless Lincoln, we call upon our citizenship, regardless of politics, or economic conditions, to use every means of agitation, all avenues of education,

and every department and function of the Government, to eliminate the injustices exposed by this Commission, to the end that each laborer may 'secure the whole product of his labor.'

THE WORKER'S FAIR SHARE

By

GEORGE W. PERKINS

CHAIRMAN MAYOR'S COMMITTEE ON FOOD SUPPLY

OF THE

CITY OF NEW YORK

1. The first part of the document is a list of names and titles, including "The Hon. Mr. Justice" and "The Hon. Mr. Justice".

## CHAPTER XIV

### THE WORKER'S FAIR SHARE <sup>1</sup>

THE Worker's Fair Share has been a problem since the world began, but it has changed very much as civilization has progressed, and has crowded harder and harder for a solution as intelligence and Christianity have advanced.

"The Worker's Fair Share" was a problem that existed when the expression that described the relationship between the man of capital and the man of labor was "Owner and Slave." It still existed, when later on the expression was "Master and Man." It still exists in these days when the expression is "Employer and Employee." These very changes in the expressions used to describe the relations between capital and labor show that distinct progress has been made toward solving the problem of the worker's fair share.

The first expression, "Owner and Slave," clearly indicated that the man of labor had no voice of right whatever that capital was in any sense required to respect. The second expression, "Master and Man," modified this relationship, but clearly retained the idea that the mastery was all on one side. The expression, "Employer and Employee," indicates a get-together spirit, a spirit of

<sup>1</sup> Address delivered by George W. Perkins at the Fifteenth Annual Meeting of The National Civic Federation.

**coöperation** between capital and labor. Thus distinct **progress** has been made.

One would think, from much of the discussion of the **day and** many of the magazine and newspaper articles that **are appearing**, that the problem of capital and labor is **the result** of the tariff, giant corporations, etc. In my **judgment**, this is not the case. These in reality are but **minor causes**. The main cause is directly traceable to the **enormous** expansion that has taken place during the last **half century** in our educational system—a system **divided into** two branches; first, the education that comes **from the** public school, the university, the text book, the **lecture room**; second, the almost broader education that **has come** to us in the last half century through the **extraordinary** improvements in methods of intercommunication, especially methods of intercommunicating **thoughts and ideas**; for, between steam, electricity and the wireless, the people in one community or one part of the world are now quickly and fully informed of the **thoughts and aims** of people in all communities and all parts of the world.

You cannot place the telephone in the hands of every man without expecting him to promptly learn the views of every other man.

You cannot spend a million dollars educating the youth without having a million questions to answer from the man, and I, for one, believe that practically all the questions crowding for solution to-day are thus crowding because of the culmination in our day of the various educational forces that have been at work throughout the civilized world during the last half century; and these

questions are crowding for solution with more vigor and determination to-day than ever before, because education, in its various forms, has been harder at work and more generally at work during the last half century than ever before.

In the period of "Owner and Slave," the slave was little more than a dumb animal. He could work with his hands but he could not work with his head; the last thing he could do was to reason from cause to effect. To-day, especially in this free land of ours, a very large percentage of the people engaged in what is commonly called "labor" not only can read and write, but can think independently and reason for themselves. What a mighty change in the foundation of things! Is it to be wondered at that we must look for an equally mighty change in the superstructure of things? My deliberate judgment is that many of the difficulties that to-day stand in the way of a solution of the problems existing between capital and labor lie in the fact that the men who represent capital do not think deeply enough on the problem to realize the changes that have been made in the foundation of the question. This being so, they cannot see or stand for the changes that must take place in the superstructure. Herein lies one of the chief difficulties in arriving at the worker's fair share.

Strangely enough, many of these foundation changes have actually been brought about by these very men themselves, who to-day apparently are unable to see the changes. For instance, we pride ourselves in this country on universal education. We pride ourselves on our great public school system, on our many private schools, col-




leges, universities, etc.; on the fact that books, magazines and newspapers are manufactured so cheaply that they are within the reach of one and all. Information and knowledge are sown broadcast. They are almost as free as the air we breathe. This has been brought about through contributions from the state and contributions from men of capital. For years it has been the custom in this country for men who have acquired fortunes to give freely to some educational cause. They have acquired this capital in business. If the business paid dividends they pronounced it a success and were proud. Then when they invested part of their money in an educational plant of some sort, they were again proud of what they did. Now, have these men seriously thought of what their investment in the educational plant was to do, what kind of a product it was to turn out, what kind of a dividend it was going to pay? I very much doubt it, for if they had thought of it seriously, intelligently, they would know that there was only one kind of dividend they could get from an educational plant, namely, minds that were trained to think better, more logically, more accurately, more independently. Every year we are turning out more and more of such minds and they are grappling with our problems; yet a large percentage of the men who made it possible for these educational plants to turn out such minds are to-day bitterly complaining because of the questions being raised and the problems being crowded for solution by these very minds.

To illustrate, 135 years ago our forefathers declared that they no longer needed to be ruled by a king and they set up a republican form of government. What a per-

fectly colossal progressive stride they took! The most vivid imagination scarcely enables us to comprehend what they did and how their act must have been regarded in their day and time.

Since then we have spent 135 years of time and hundreds of millions of dollars educating ourselves, and now come various propositions to the effect that the people should have a still greater hand in the management of their own government; yet these latter day suggestions, striking and startling as some of them appear to some of us, are insignificant compared with the great, mighty undertaking of our forefathers something over a century ago. A republican form of government is only possible with a race of people whose intelligence has reached a high enough level to entitle them to such a form of government. If our intelligence 135 years ago entitled us to a republican form of government then the question that confronts us now, broadly speaking, is this: Was the last word said in favor of free government and free institutions by our forefathers, or have the time and money we have spent in educating ourselves since then fitted us to go a step or two further? If they have not so fitted us, then we have wasted a century of time and millions of dollars.

However we may differ as to the desirability or practicability of the new thought abroad in the land with regard to our governmental affairs, we must all agree, if we think deeply, clearly, honestly, that it is the product of our broad and free system of education. Whether or not this educational system, in the final test, shall prove to have been a wise one is quite another question.



The problem of the worker's fair share goes hand in hand with the governmental questions that are up for solution to-day, for it, too, is the product of our educational system. For instance, I firmly believe that we never can settle the wage question, the question of compensation for labor performed, or settle the strike question and whether or not there shall be strikes, by merely raising wages from time to time. Before laboring men had the advantages of our broad educational system, before they could think well, could reason well, they approached the subject of wages about like this: "We are getting \$2.00 a day. We would like \$2.25 a day and we are going to strike for it." And they did. When they got it, the \$2.25 looked good for a while and then they struck again in the same way for \$2.50. Then the product of education and intercommunication began to get in its work, and now we have before us constantly demands for increases in wages, brought about because the laboring man feels that his wage, whatever it may be — whether it be \$2.00 or \$5.00 — is not his fair proportion of the earnings of the business in which he is engaged. He sees it flourishing and prospering continually; sees by many outward signs that the men who own the business are living better each year and getting richer each year; and nowadays, when he strikes, it is for what he regards as a fairer proportion of the earnings of the business in which he is engaged. A higher order of intelligence is at work on the problem. This being so, no arbitrary dollar and cent increase will ever satisfy him, for he is striking for a principle that he has thought out and reasoned out. Believing these conditions to be the basic ones, I

was led a number of years ago to the conviction that we must adopt profit sharing in connection with wages as a method of getting at the worker's fair share. By profit sharing, I do not mean bonus giving or anything that smacks of gratuities or philanthropy. I believe in real, genuine profit sharing by which employees become partners; by which a given concern makes a complete statement of its transactions, annually, showing its profits or losses, its output and all other factors entering into the success or failure of its business, and in this way permits labor and the public to know what the business is doing. I believe that wherever possible the general method of compensating the worker should be as follows: Say to the employee: "It takes so much money to pay the fixed charges of this business for a year. You receive your wages as compensation for helping to earn the aforesaid fixed charges. If, at the end of the year, said fixed charges are earned and anything is earned over and above them, then in addition to your wages you will receive a percentage of said surplus of earnings." Wherever possible this surplus should be distributed in the form of a security of some kind that is connected with the business in question, with the understanding that the security is to be retained by the employee for a fixed but reasonable length of time. This, you see, places the worker in the position of being an actual partner. He is drawing out of the business all the time a certain sum of money for his living expenses, in the form of wages, and leaving in the business his surplus earnings.

In certain corporations with which I have been connected where this plan has been tried for a number of

years, it has worked admirably, greatly minimizing the friction that has heretofore existed between capital and labor, minimizing the strike menace to almost nothing, improving efficiency to a very marked degree, and making capitalists out of wage earners; for no matter how small the amount of money that a man has in a business, so long as it is a real interest, a genuine investment that has not been given to him as a gratuity, but has been earned by him actually, he will feel the responsibility of proprietorship, and the same impulse will govern his actions as would govern the actions of others having very much larger sums invested. Then, too, the broader the partnership in a large business, the more people who are partners, the more the principle of coöperation in industry is established, the better it is for the community as a whole.

Take the steel business, for instance. A few years ago Mr. Carnegie and a few other men owned important steel mills in this country out of which they were individually making large sums of money. These men sold out to a company which is to-day owned by a very large number of stockholders, of which many thousands are employees of the company. To-day the profits of this business, in place of being distributed among two or three dozen men, are distributed among many thousands of men. When an industry reaches a size where its profits are distributed as broadly as this it has a certain phase of socialism about it, in that its earnings are widely diffused; but it is a long way from socialism in that it retains all the incentive for initiative, individual growth, and achievement which must always remain the mainspring and impelling motive to success in commerce.

I believe that the so-called economists of to-day who claim to see great blessings in the destruction of our great interstate and international industrial corporations are all wrong.

I believe they are likewise wrong when they tell us that the tariff is responsible for these corporations, for improved intercommunication and not the tariff is the chief factor in the maintenance of the so-called trusts.

I believe that no one of average intelligence really thinks that if the present Congress gave us free trade to-day a single so-called trust would dissolve to-morrow.

I believe, on the other hand, that no thoughtful, well-informed person thinks that if the strange force which we call electricity were suddenly withdrawn from our use to-day and the telegraph and the telephone became silent and useless, a single so-called trust could do business to-morrow.

I believe that the chief cause of corporations is found in modern methods of intercommunication and that you can only get rid of them by eradicating the cause which, of course, we are not going to do.

I believe that evil practices have existed; that improper, special privileges have been enjoyed, and that these must cease.

I believe, however, that we should not cut down the tree until we have at least tried to remove the parasites.

I believe that when a set of men, be they few or many, carry a business along in its growth to a point where they are using the money of a great many different people and serving the needs of a great many people in a great many

**different** states and countries, they should be accountable **for their** acts to some power higher and stronger than **they** — a power that will tell the public at regular and **frequent** periods just how they are conducting their **business** and how they are serving the people.

I **believe** that the men who are conducting such large **enterprises** should themselves desire this for their own **protection** if they properly realize the magnitude of their **responsibility** to stockholder, wage-earner and consumer **alike**.

I **believe** that evil practices fear nothing so much as **light** and that full publicity and federal regulation in **corporation** affairs will solve most of our **corporation** **problems** and be of inestimable value in determining the **Worker's Fair Share**.

I **believe** that one of the greatest of all obstacles in the **way of** arriving at the worker's fair share has been and is **ruthless competitive methods** in business.

I **believe** that only through coöperative methods can the **worker's fair share** be determined and preserved.

At the present moment I am rather amazed at the number of supposedly intelligent men in this country who are urging us with all their might and main to **return to old-fashioned competitive methods**, to return to the old days of doing business with small and wasteful business units. Many of these men, while advocating this, are inveighing lustily against the sweat shop, child labor, inadequate wages to women in industry, etc. They do not seem to realize the perfectly inconsistent position they occupy, for what gave us the sweat shop, what gave us child labor, what gave us adulterated food, what gave us inadequate

wages to women and girls in industry? Nothing in the world but competition carried to its logical conclusion; and if that was the result in the days when intercommunication was meager and incomplete, how much more keen and destructive competition would be and how much more far-reaching its ill effects would be on the worker's fair share were we to literally follow those methods in these days when intercommunication is universal and well-nigh complete.

Competition at one time may have been the life of trade, but it certainly was the death of manhood, the curse of womanhood, the wrecker of childhood. Competition may have been the life of trade at the time that labor was the slave; it may have been the life of trade looking at trade from the standpoint of advantage and profit to capital; but competition never was the life of trade looking at it from the standpoint of the worker's fair share, for who ever heard of two men of two concerns in the throes of competition that engaged in it for the purpose of improving or steadying the conditions under which their labor was employed or of reducing the cost to the consumer? They engaged in their deadly commercial conflict for the sole and one purpose of crushing each other, that the survivor might absorb whatever was left of the wreck after the ruin of his competitor, to the pecuniary advantage and prestige of the surviving belligerent; and when the deadly struggle was on, down went wages, down went the quality of output, down went everything; and when the struggle was over, up went the cost to the consumer, but the restoration of wages was a slow process. Competition has always en-



riched the strong and impoverished the weak. It has always fostered and stimulated lying, deceit and adulteration, and its ultimate goal has always been private monopoly of the worst and most pernicious sort.

We pride ourselves at the beginning of this twentieth century on our free educational system, on the extraordinary opportunities we have had to acquire learning, to improve our mental machinery and enhance its value. If this be true, what is it all for, where is its practical advantage, if it is not, among other things, to teach us a better way to get a living than the way employed a thousand years ago and still employed by the wild beasts in the forest, where unbridled competition reigns supreme? Is it possible that there is no better way, no newer freedom anywhere to be found than this? Must we in commercial affairs continue to pursue the methods of the jungle? Along such a path where will we find the worker's fair share? No, No! There is no hope at all, there is no new freedom — there is only old captivity — in any such program.

Just as we have moved on from the period of the owner and the slave and gradually through enlightenment and a better and more real Christianity, to employer and employee so we must move on from competition to emulation, from destructive, inhuman and wasteful methods in commerce to constructive, humane and conservation methods in commerce. Either this or our much vaunted civilization and progress are of no practical avail and we had better consign them to the scrap heap and begin all over again.

The world's commercial path and the worker's path

are strewn with the white bones of ruthless competition. It has all been tried out over and over again and it is not good enough for civilized man at the beginning of the twentieth century to turn back to or follow.

The hope of the future, for the worker's fair share as well as for capital's fair protection, is in a live and let live policy, where coöperation and emulation will give to each the protection to which it is fairly entitled and bring about a more equal distribution of the abundance of good things with which the Lord in his mercy has blessed our matchless country.



THE PLIGHT OF THE LOW-SKILLED WORKER

By

SCOTT NEARING

DEAN OF THE COLLEGE OF ARTS AND SCIENCES

AND

PROFESSOR OF SOCIAL SCIENCE

TOLEDO UNIVERSITY



## CHAPTER XV

### THE PLIGHT OF THE LOW-SKILLED WORKER <sup>1</sup>

**N**EARLY forty years have passed since Henry George asked: "Why do wages tend to a minimum that will yield but a bare subsistence?" Since that time theorists have wrangled and practical men have vociferated, yet the problem stands to-day as one of the most serious that society must meet and master.

The predicament of the low-skilled worker is the outcome of social forces rather than of individual shortcomings. Unassisted by trade unions, possessing, in the chronic presence of an over-supply of his kind, no monopoly power whatever, the low-skilled worker takes or leaves the wage that is offered to him. Custom, tacit agreements among employers, or active competition among laborers regulate the price of his labor-time. Before these forces the individual laborer is ineffective, helpless, driven about by powers beyond his ken, and subject to individual forces that he can neither understand nor control. The wages, when received, may be squandered, or spent with the utmost care and parsimony. The employer may embody all of the virtues, or he may be an incarnation of everything that is undesirable. The worker and the capitalist, as individuals, disappear from the discussion, and there remains a wage scale paid by industry

<sup>1</sup> Reprinted by courtesy of *Pearson's Magazine*.

to the workers over which no individual, whether as employer or employee, has any large measure of control.

#### DEFINING LIVING STANDARDS

The social scientist has learned to define "decent living" in scientific terms; to ascertain the money cost of such a living; to compare this cost with the wage scale in order to determine whether the wages paid by industry to the low-skilled worker are wages adequate to provide living decency.

The ideals and ideas of successive generations change so utterly that the decent standard of one decade might fall far short of furnishing a decent standard for the next. In general, a standard of decent living consists of such an amount of food, housing, clothing, and the other necessities of life as will maintain physical health, provide a reasonable privacy in the home, enable the family to go on the streets in clothing not noticeably inferior to that worn in the neighborhood and permit parents and children alike to be normal members of the community in which they live.

The relation between various forms of expenditure is well established. The American city family<sup>2</sup> with an income of less than \$1000 a year spends two-fifths of its income for food, one-fifth for rent, one-sixth for clothing, and the remainder (one-fifth, plus) for incidentals, — including fuel and light, health, insurance, saving, car

<sup>2</sup> The word "family," as used in this connection, will mean a man, wife and three children under fourteen. The standard is arbitrary. Roughly it corresponds to the "average" family. Actually it is adopted because it is near the "average" and some standard must be established before intelligent discussion is possible.

fare, furniture, recreation, books and newspapers, and sundry minor items.

The measurement of the amount of food necessary to maintain a standard of living is by far the easiest part of the problem. Food requirements are ordinarily stated in calories or energy units. The United States Department of Agriculture, which had made some valuable experiments on food values, states that a man in the full vigor of life, doing moderate muscular work, requires each day a quantity of food containing, as it is purchased, 3800 calories of energy. By the time this food is eaten, it will contain but 3500 calories, from which quantity the digestive system extracts 3200 calories of energy.<sup>3</sup> Rowntree insists that this estimate of 3500 calories for a man doing "moderate muscular work" must be interpreted in terms of very moderate work if it is to be adequate.<sup>4</sup> It is generally conceded that from 3200 to 3800 calories of energy, depending upon the intensity and character of the work done, must be supplied to the body each day.

The determination of the amounts of housing, clothing and fuel and light necessary to the maintenance of a standard of living, is a much more difficult problem than that involved in the determination of a food standard, because there is no way of stating in absolute terms what amount of these things is requisite for the running of the body on an efficiency basis. The best that can be said is that (1) necessity, (2) hygiene and (3) decency are

<sup>3</sup> Year Book of the United States Department of Agriculture, 1907, p. 371. Article by C. F. Langworthy.

<sup>4</sup> "Poverty," B. L. Rowntree, London, Macmillan Company, Ltd., 1901, pp. 1-97.



the governing factors in each decision. There is certainly a minimum amount of each of these goods necessary for the maintenance of a decent living standard. Similarly, expenditure for car fare, health, insurance and sundry items must be locally determined. What that amount may be, it is difficult to say generally, though it may be really determinable in each specific case.

#### SUBSISTENCE OR DECENCY

Two distinct problems present themselves in a study of the standard of living. There is first, the problem of bare subsistence; second, the problem of a "normal," "decent" or "fair" standard of living. The problem of a normal or fair standard of living is an essentially different one from the problem of a minimum or subsistence standard. A minimum standard will keep body and soul together. A fair standard will maintain the health and efficiency of a family, and insure it against physical deterioration, poverty and misery.

#### THE SUBSISTENCE STANDARD

The determination of the amount of goods necessary to provide a subsistence standard and a fair standard of living, constitutes the first step in the determination of the cost of such a standard. How many goods are needed? How much do these goods cost? Thus the questions follow:

It is possible by taking a given family in a definite locality, to estimate the cost of the minimum standard to that family. For example, in a southern mill town, for a family of a man, wife, and three children (a girl of ten,

a boy of six, and a boy of four), the cost for food and clothing would be:<sup>5</sup>

TABLE I.—COST OF FOOD AND CLOTHING FOR ONE YEAR FOR MEMBERS OF A TYPICAL NORMAL SOUTHERN MILL TOWN FAMILY — MINIMUM STANDARD.

<i>Members of Family</i>	<i>Food</i>	<i>Clothing</i>	<i>Total</i>
Father .....	\$74.88	\$18.75	\$93.63
Mother .....	59.90	9.25	69.15
Girl (10 years) .....	44.92	14.83	59.75
Boy ( 6 years) .....	37.44	10.00	46.44
Boy ( 4 years) .....	29.97	5.85	35.82
Total .....	\$247.11	\$58.68	\$305.79

Adding to this total of \$305.79, the cost for rent, fuel, light and sundries (\$102.47), it appears that a family such as the one under consideration would require \$408.26 annually to maintain a minimum standard of living in the small mill towns of North Carolina and Georgia.

This standard is by no means a liberal one, and the probabilities of maintaining a living upon it are most precarious. Furthermore, "there can be no amusements or recreations that involve any expense. No tobacco can be used. No newspapers can be purchased. The children cannot go to school, because there will be no money to buy their books. Household articles that are worn out or destroyed cannot be replaced. The above sum provides for neither birth nor death nor any illness that demands a doctor's attention or calls for medicine. Even though all these things are eliminated, if the family is

<sup>5</sup> Woman and Child Wage Earners in the United States, Senate Doc. No. 645, 61st Congress, 2d Session, Washington, Government Printing Office, p. 141. An itemized statement of menus, articles of clothing, etc., will be found in the report.

not to suffer, the mother must be a woman of rare ability. She must know how to make her own and her children's clothing; she must be physically able to do all of the household work, including the washing. And she must know enough to purchase with her allowance food that has the proper nutritive value."<sup>6</sup> Apparently, if a woman is to support a family on this income, she must have a skill and power of management which would bring her from \$6.00 to \$12.00 a week if she were at work in an industrial establishment in the same locality. Needless to say, most women have no such ability.

The cost of a minimum standard in a Massachusetts city varies somewhat from the cost for the southern States. A computation similar to that made for the southern States shows the amount necessary to maintain a minimum standard of living in a normal family.<sup>7</sup>

TABLE II.—COST OF FOOD AND CLOTHING FOR ONE YEAR FOR MEMBERS OF A TYPICAL NORMAL MASSACHUSETTS FAMILY — MINIMUM STANDARD.

<i>Members of Family</i>	<i>Food</i>	<i>Clothing</i>	<i>Total</i>
Father .....	\$83.20	\$23.80	\$107.00
Mother .....	66.56	15.45	82.01
Girl (10 years) .....	50.52	18.50	69.02
Boy ( 6 years) .....	41.60	13.25	54.85
Boy ( 4 years) .....	33.28	9.00	42.28
Total .....	\$275.16	\$80.00	\$355.16

The total cost of maintaining a minimum standard of living (\$484.41) is slightly in excess of that required in the southern States, largely because of the increased amount apportioned for food and rent. The housewife

<sup>6</sup> *Ibid.*, p. 142.

<sup>7</sup> *Ibid.*, p. 237.

in Massachusetts is to be the same type of super-woman as that demanded in the Georgia estimate.

The Chapin study does not make any detailed statement of the cost of a minimum standard for subsistence, but the conclusions relative to income of from \$600 to \$700 may be compared with the conclusions in the Federal study, since they refer to a group living in an essentially similar economic status. Dr. Chapin writes: "It seems fair to conclude, from all the data that we have been considering, that an income under \$800 is not enough to permit the maintenance of a normal standard."<sup>8</sup>

In short, the families living in New York City on incomes between \$600 and \$700 may afford none of the incidental comforts, and are so reduced for necessities that a decent standard of living cannot be maintained.

The minimum of the Federal Investigation makes no allowance for sickness, saving, insurance, amusement or recreation, and the Chapin study allows little or nothing for these purposes. Nevertheless, it appears that in a large city where rents are high (the New York families with incomes between \$600 and \$700 paid an average rent of \$153.59) an income less than \$600 will not provide even the necessities of existence.

In districts, on the other hand, where expenses for rent are low (\$44.81 in the southern states and \$78.00 in Massachusetts) an income between \$400 and \$500 will provide a family with the barest necessities.

This data is obviously inadequate as a basis for any

<sup>8</sup> "The Standard of Living Among Workingmen's Families in New York City," R. C. Chapin, New York. Charities Publication Committee, 1909, p. 245.

general statement. Yet, for the localities under consideration, it seems obvious that the sums named are scarcely sufficient to prevent family dissolution. That families live on such incomes is beyond question. That underfeeding, congestion, insanitation, and physical decadence are the frequent products of such living, goes almost without saying.

#### A FAIR STANDARD

The actual number of items allowed for a fair standard of living is somewhat greater than the number allowed for a minimum standard, hence the cost of the standard exceeds, by a considerable amount, the cost of the minimum standard. The Federal report, already referred to, fixes the cost of a fair standard for the southern mill town at \$600 per year. This amount of income will enable him (the father) to furnish them good nourishing food and sufficient plain clothing. He can send his children to school. Unless a prolonged or serious illness befall the family he can pay for medical attention. If a death should occur, insurance will meet the expense. He can provide some simple recreation for his family, the cost not to be over \$15.60 for the year.<sup>9</sup>

The same relation exists between the cost of maintaining a fair standard in the South and in Massachusetts as that established for the minimum standard.

The total cost of providing a fair standard for the English, Irish, and Canadian French in the Massachusetts city is fixed at \$731.98.<sup>10</sup>

<sup>9</sup> "Woman and Child Wage Earners," op. cit., Volume XVI, p. 152.

<sup>10</sup> *Ibid.*, p. 244.

The Chapin study was made for the avowed purpose of determining the cost of a fair standard, and particular interest therefore attaches to the conclusion reached as a result of that investigation. In summing up his study, Dr. Chapin writes,—“An income of \$900 or over probably permits the maintenance of a normal standard, at least so far as the physical man is concerned.” Regarding incomes below \$900, Dr. Chapin makes the following statement,—“Whether an income between \$800 and \$900 can be made to suffice is a question to which our data do not warrant a dogmatic answer.”<sup>11</sup>

One other less complete but highly satisfactory study has been made of Standards of Living in the Stock Yards District of Chicago. After an exhaustive investigation of which a rather complete analysis appears in published form, the investigators report that the minimum amount necessary to support a family of five efficiently in the Stock Yards District is \$800 per year.<sup>12</sup>

There have been several other investigations and estimates, less complete and less conclusive, which lead to the same general conclusion, namely,—that in the industrial cities of the Northeastern United States, the cost of a decent standard of living for a family consisting of a man, wife and three young children, varies from \$750 to \$1000.

<sup>11</sup> “The Standards of Living Among Workingmen’s Families in New York City,” *op. cit.*, p. 246.

<sup>12</sup> “Wages and Family Budgets in the Chicago Stock Yards District,” J. C. Kennedy and others. University of Chicago Press, 1914, p. 80.

## THE SOURCES OF FAMILY INCOME

Whether a family is living on a minimum standard or a fair standard of living, its bills must be paid by the use of income derived from some source. There are four principal sources of family income: (1) Earnings of the father; (2) earnings of the mother; (3) earnings of the children; and (4) the contributions of boarders and lodgers. In addition to these four generally-relied-upon sources, there are a number of incidental ones, such as kitchen gardens, the collection of wood, cast-off clothing and furniture, charity contributions and the like.

A generally accepted Federal report covering 25,440 families in thirty-three states gives the sources of family income as follows:<sup>13</sup>

TABLE II.—PER CENT. OF FAMILY INCOME DERIVED FROM VARIOUS SOURCES.

Husbands .....	79.49
Wives .....	1.47
Children .....	9.49
Boarders and Lodgers.....	7.78
Other Sources .....	1.77
Total .....	100.00

The contribution of husbands, including those families in which there were no husbands, constitutes four-fifths of the whole family income. Women and children together contribute one-tenth, while boarders and lodgers supply the remaining tenth. The other studies in this field lead to the same conclusions.

<sup>13</sup> Report of the United States Bureau of Labor, 1903, Washington, Government Printing Office, 1904, p. 51.

A number of recent investigations throw considerable light on the wage rates of adult males. There are, first of all, the Census figures, showing classified wages in the manufacturing industries; then the Bureaus of Labor Statistics publish good wage data in Massachusetts, New Jersey, Kansas, Wisconsin, Oklahoma, and California; the State Labor Bureaus and particularly the Federal Labor Department have made special studies of the wages in certain industries, such, for example, as the steel industry, the textile industries, and the like; and finally the Tariff Board presented some excellent wage studies.

All of these figures lead to the general conclusion that in the industries of the United States, lying east of the Rocky Mountains and north of the Mason and Dixon Line, half of the adult males in American industries receive less than \$600 a year, that three-fourths are paid less than \$750 a year, while nine-tenths earn a wage under \$1000 a year.<sup>14</sup>

This conclusion is reached by multiplying the weekly wage rates by 52. It therefore allows nothing whatever for that unemployment which is so constant a factor in industrial society.

A typical wage scale is that furnished by the Bureau of Statistics of New Jersey, for males 16 years of age and over, employed in that State during 1912.<sup>15</sup>

<sup>14</sup> "Wages in the United States," Scott Nearing, New York. Macmillan Company, 1911.

<sup>15</sup> Bureau of Statistics of New Jersey, 1913. Paterson, 1914, p. 124.



TABLE IV.—MALE EMPLOYEES IN THE MANUFACTURING INDUSTRIES OF NEW JERSEY WHO EARNED CERTAIN RATES OF WAGES—1913.

<i>Classification of Weekly Wages</i>	<i>Total Employed</i>	<i>Per Cent.</i>
under \$ 5 .....	5,896	2.3
5 but under 8 .....	24,710	9.5
8 but under 10 .....	47,403	18.3
10 but under 12 .....	49,342	19.0
12 but under 15 .....	49,151	19.0
15 but under 20 .....	52,494	20.2
20 but under 25 .....	18,983	7.3
25 and over .....	11,362	4.4
Total .....	259,341	100.00

Although wages vary somewhat from industry to industry and from one geographical region to another, this compilation for New Jersey gives an excellent picture of a wage scale paid to a quarter of a million men in one of the great industrial States. A comparison of the wages of adult males with the data relative to the cost of a standard of living, leads to the conclusion that if a minimum standard of living for a normal family costs from \$450 in a small industrial town to \$650 in a large city, that approximately half of the male wage earners working under such a wage scale are unable to provide a minimum standard in a small town and approximately two-thirds are unable to provide a minimum standard in a large city. On the other hand, since a fair or an efficiency standard for a normal family involves an outlay of from \$750 in a small industrial town to \$900 in a large city, two-thirds of the wage earners in small towns and three-fifths of the wage earners in

large cities are unable to provide a fair or efficiency standard for a normal family.

There is one Massachusetts city in which an inquiry into wages and the cost of a decent living standard were made simultaneously.<sup>16</sup> The city investigated depended primarily upon the textile industry. Among the adult males employed in the textile industry in this city, three-fifths of the adult males earned less than \$416 per year; nine-tenths earned less than \$624 per year. Compare these figures with the \$484.41, minimum standard, and the \$690.95, efficiency standard, established by the Federal study, and it appears that the wages earned in this one city, by males over twenty-one years of age, are, in over half of the cases, insufficient to maintain a minimum standard, and in over nine-tenths of the cases insufficient to maintain a fair standard for a family of three children.

The one instance in which comparable statistics of standards and wages are available confirms the impression of the general statistics regarding the utter inadequacy of the wages of many adult males to provide efficiency or even subsistence for a normal family.

There are, then, a considerable number of adult males working in the industrial districts of the United States under a wage scale that is insufficient to provide a minimum or subsistence standard of living, while an overwhelming majority receive a wage insufficient to provide an efficiency or fair standard. Hence the patent neces-

<sup>16</sup> "Financing the Wage Earner's Family," Scott Nearing, New York. B. W. Huebsch, 1913, pp. 116-117.

sity for some additions to the father's wage through the efforts of the mother and the children.

### WHY WAGES ARE PAID

Among all of the fine-spun theories which have been advanced in explanation of the payment of wages, some threads of truth appear, which, if gathered together, show that wages in modern industry are fixed by the cost of replacing the worker. Here is an Irish laborer, shifting ballast on a railroad track for \$1.65 per day. A Magyar offers to do the work for \$1.50. In the absence of some very strong influence exerted by fellow-countrymen, the Irishman will be offered a chance to work at \$1.50 or to be replaced by an equally efficient Magyar, who is willing to shift ballast for fifteen cents less per day. The same truth holds for any wage-paying occupation. What determines this cost of replacement? Its maximum is fixed by the total productivity of the laborer. No employer can pay more in wages than a laborer creates in product. The minimum is set by the margin of subsistence. No worker can continue to work on wages which are below a living level. Otherwise the wage is determined by the ability and the training of the individual, or the organization of the group to which the individual belongs. In rare instances (as in the case of school teachers, for example) the minimum wage is fixed by law. Exceptional ability to illustrate magazines, direct large businesses, administer an institution, or do any other unusual thing may command high wages. Training, whether derived from a technical school or through an apprenticeship, commands high wages.

- Trade unions, which are able to secure a strong monopoly, are likewise able to force up wages. In the absence of ability, training or organization, however, wages tend to a subsistence level.

#### LACK OF SKILL

The most obvious cause of subsistence wages is inefficiency, which may be the result of defective heredity or of adverse environment. Both heredity and environment play a part in the making of that type of personal inefficiency which is found in so many individuals in the low-skilled labor group. Although this type is by no means general, it is an important element in lowering wage and living standards.

Far more significant than personal inefficiency as a force driving wages to a subsistence level, is the savage competition for unskilled jobs which is waged by newly-arriving immigrants and other unskilled workers. Except in times of unusual business prosperity, there is in the United States a chronic over-supply of unskilled labor.

Ignorant of American customs, unable to speak the English language, deceived with tales of American plenty, basing his calculations on the purchasing power of money in European countries, where a dollar will buy far more than it will buy in the United States, and accustomed to low standards of living in his foreign home, the immigrant accepts a wage far below the amount required by an American worker. The European standard of the present-day immigrant is lower than the standard in the United States.

As he is willing to live on that standard, the European peasant drives down the wage of low-skilled labor far below what the American workingman would describe as a decent wage.

#### THE SINGLE ADULT WORKER

There is one other factor, however, more potent than any hitherto hinted at, which is operating to force wages to a subsistence level,—that is savage competition between single men and women with little or no family responsibility and the men and women upon whom rests the burden of providing for families.

The significance of the preponderance of the single adult males among the immigrants cannot be over-emphasized. The American wage-earner has a family, for the support of which he hopes to receive a wage enabling him to provide the necessities of life, with perhaps a touch of comfort here and there for good measure. The American wage-earner expects a family wage, yet in industry he must compete directly with the single immigrant, who, in addition to his low standard of living, has no immediate family responsibility. The test is essentially unfair. The American is hampered not only by the standard of living which he has been taught to expect, but by the necessity of supporting his family, as well.

Worsted at the very outset, he is compelled to seek another occupation, or else to lower his scale of living to a standard that will correspond to that of the immigrant.

Equally destructive to a standard of family living is

the competition of single unskilled women. Women enter American industry when they leave school, and give up their industrial pursuits when they marry. For them, therefore, industrial occupation is at best a makeshift. Nor have the working women any serious family responsibility. The great majority of them live at home, and while they undoubtedly contribute to the family income they are called upon, in only a minority of cases, to provide the entire family support. Those industries like steel making, structural iron work, and heavy teaming, where strength or skill or both are required, are disturbed not at all by the competition of women. On the other hand, paper box making, collar and cuff making, glove-making, stenography, bookkeeping, and all of the semi-skilled and unskilled occupations which the minute subdivision of factory work is so rapidly creating,—all of the trades, in short, where dexterity and perseverance, rather than strength and skill are prerequisites,—are open to the competition of women. Into such trades women are going, competing successfully with men and either lowering their wages, taking their jobs, or both. The competition of the semi-skilled and unskilled single woman is a force which must be seriously reckoned with in any consideration of the causes operating to keep wages at a subsistence level.

#### THE CHANCE TO RISE

The inquiring mind, at this point, will naturally protest vehemently that the remedy is to “rise.” “There is plenty of room at the top,” so the proverb has always run.

Tradition, aphorisms, proverbs, and successful men to the contrary notwithstanding, the room at the top is a myth. Glance for a moment at the facts. A recent strike among the Paterson (New Jersey) silk-workers aroused considerable interest. Why did not the workers "rise" instead of striking? An appeal to the last census furnished a conclusive answer. In 1909 there were, in the silk mills of New Jersey, 306 proprietors and firm members, 518 salaried officials, superintendents, and managers, 1256 clerks, and 30,285 wage-earners.<sup>17</sup> For each firm member there were six salaried officials and clerks and ninety-three wage-earners. Granted that all of the firm members were recruited "from the ranks," each worker would have one chance in ninety-three of becoming a firm member. On a larger scale, the manufacturing industries of the entire country, employing more than seven millions of people, show a similar condition. In the cotton goods industry the proportion of wage-earners rises to 97.77 of the total of gainfully employed persons. Comparisons even more striking may be had from the railroad industry. Of the total number of employees (1,669,809) almost exactly one in 300 is a general officer. Granted, that all of the general officers were picked from the ranks, and that the working life of wage-earners and general officers is the same (which, by the way, it is not — the general officers living considerably longer) each employee would have one chance in 300 of becoming a general officer. There is another consideration, however, which may not be overlooked. If the man who is proposing to rise is a train-

<sup>17</sup> Thirteenth Census of the United States, Volume IX, p. 776.

man, there is one chance in two hundred that he will be killed every year, and one in ten that he will be injured. Supposing then that the length of the working life were twenty years, the trainman's chance of promotion to a general officership would be far less than his chance of injury and loss of life.

Among the unskilled workers, the risks are lower, but the chances for promotion are even slighter, because of the unskilled character of the work they do. The chance to rise is a chance for the man of exceptional ability.

To the average, low-skilled man in American industry, the "chance to rise" takes a place among the other legends handed down from earlier times.

When all is said, the organization of modern industry is such that in the absence of some outside influence, such as education or "pull," the low-skilled worker is condemned to a life of low-skilled work. Receiving a subsistence wage, he is unable to do more than make ends meet, except by living under the most abject conditions, or by exceptional management.

#### A VICIOUS CIRCLE

Another factor must be dealt with in the same connection. The modern plan of industrial organization which calls for four managers, superintendents and foremen, six clerks, twenty skilled men and seventy semi-skilled "machine hands" and unskilled "laborers" is almost as fatalistic for the children of the unskilled laborers as the feudal system was for the children of the serfs.

The wage of the unskilled father is meager; the son



must leave school at fourteen to help support the family. The job which the son gets is a monotonous, non-educational, "dead-end" job, which begins his training as a low-skilled worker. His home has been wretched; his life has been lived on the street; his ideals have been low; the examples before him have not inspired him to great effort; he has been poorly fed; in short, his whole life has prepared him to follow in the footsteps of his father, and to become a low-skilled man. Thus the curse of poor training and inefficiency is handed down from father to son, through one generation after another.

#### A HINT AT REMEDIES

Out of this desolation of economic fact and logical analysis there comes one message of hope. While the low-skilled worker is a victim of the present organization of society, he is by no means a helpless victim. He has on his side the potential power which numbers give, together with a growing consciousness of the vicious unfairness of a social system which condemns some babies, in their cradles, to lives of hardship and misery, while it assures others of boundless prosperity.

The preceding statement of facts makes it clear that there are three great stumbling blocks in the path of the low-skilled workers. First of all, they are unskilled; second, there are too many of them for the number of unskilled jobs; third, the wages paid in the unskilled jobs are subsistence wages. How shall these impediments to economic progress be eliminated?

So long as industry remains organized on its present basis, there will be a demand for low-skilled men. Still

it does not follow that the men who take such positions need to be unskilled. Indeed, they may be well trained, highly educated, and cultured. It rests with the school system to determine that the boys and girls who enter its portals be given at least a minimum of vocational training. The present swing of the educational pendulum toward vocational training and vocational guidance will result in a decrease in the number of low-skilled persons if the school authorities will understand that such work must be done, not in the high school, which is reached by perhaps one child in four, but in the elementary grades, where all of the children are to be found.

A properly organized educational system will reduce the number of unskilled people who offer themselves in the labor markets. By no other means can the flood of low-skilled American men and women who enter industry be checked.

What of the immigrants? They are peasants in Europe, cultivating the land. Most of the men and virtually all of the women are unskilled. Thus far they have been permitted to pour into the country without rhyme or reason. The large employers of unskilled labor, taking advantage of this immigrant tide, have used the opportunity which the large numbers and helpless ignorance of the foreigners created, to organize a system of labor exploitation against which every fair-minded man should cry out, "Shame!" Not content with lowering wages to a subsistence level, some employers have deliberately maintained a surplus of labor around their plants, by hiring more men than they needed and giving every one work for a part of the time. The employers have

gone further, and after shaping economic conditions which civilization should brand as infamous, they have deliberately built up social conditions, like those shown to exist among the silk workers in Paterson, the woolen workers in Lawrence, the steel workers in Pittsburgh, and the miners in West Virginia and Colorado,—conditions similar to those which finally branded the Feudal System as a social disgrace and a human failure.

No immigrant should set his foot on American soil, unless he has, waiting for him, a job at a fair wage. The immigration question is, at bottom, not a question of race or of nationality, but of economic opportunity,—when there are jobs to be had, immigrants should be permitted to come and take them, provided the wages and conditions surrounding the jobs are consistent with the standards of American civilization.

Education, and a wise limitation on immigration, beside reducing the numbers of the unskilled, will establish a sane relation between the number of people in the community and the number of jobs to be had. There is another measure that may prove effective. In addition to reducing the demand for jobs, and thereby increasing the return which jobs offer to workers, the wages paid by a given job may be increased.

#### A WORD ABOUT ECONOMIC JUSTICE

Back of the work of the productive processes there lie two great economic principles which are not always clearly understood. In the first place, the efficiency of society depends upon the provision for every child born into the world of an opportunity to develop latent facul-

ties and powers. In the second place, men and women should have what they earn — all that they earn, no more and no less. Both principles are generally accepted.

Both lie at the basis of American ideas and ideals. Neither requires emphasis or elaboration.

The granting of opportunity and the guarantee of earnings to the earner are the basic principles in any constructive economic philosophy. They are primal and absolute.

#### A QUESTION OF METHOD

The necessity for the granting of opportunity and the guarantee of earnings is generally accepted. By what means shall the ideals be made practical?

If one thing stands out more clearly than another through the haze of present-day economic controversy, it is the necessity for organization. The employing interests, the financial interests and the capitalistic interests, fully aware of the importance of organization, have made excellent use of their time by developing trade associations and employers' associations in addition to the many forms of corporate business organization through which the property interests of the community have concentrated their authority.

The first lesson for the low-skilled to learn is the lesson of organization. Without organization they are powerless. Without organization they lack the element essential to any form of social success. The great body of individuals, in modern society, are powerless, as individuals, when they are brought face to face with the organized forces of the social mechanism. The one

hope of a group, like the low-skilled workers, lies in the solidarity of their organization.

In the field of economics there are two general measures which the organization of low-skilled workers may champion as leading directly to those goals which they have most clearly in view. In the first place, they may begin to equalize opportunity by abolishing the inheritance of income-yielding property. In the second place, they may insist upon a system of taxation that will take the full economic value of the land for social purposes. Each of these propositions has met with elaborate justification. Each has been the subject of bitter controversy.

In so far as inheritances are concerned, it would seem fair to guarantee to every person born into the world a thorough education. Beyond this, no individual should expect anything except a chance to show his mettle. In so far as possible, all of the contestants in the race of life should start from a common mark. There is no danger from lack of incentive. The hereditary differences in people will always be sufficient to create an ample amount of emulation and rivalry.

The abolition of the inheritance of income-yielding property will tend to equalize opportunity. It will do another social service by eliminating one great source of modern exploitation. During the past few decades a considerable number of large fortunes have been piled up in the United States.

Handed on to the next generation, these wealth accumulations become a means whereby certain members of the new generation are enabled to live, without rendering any service to society, on the income derived from

this inherited property. The abolition of inheritance in income-yielding wealth would go a great way toward the abolition of exploitation.

A tax on land value has, as its objective point, the social appropriation of those values created by social activity which thus far in the course of American history have been absorbed by the fortunate individuals who held franchises, title deeds, or some other documents by means of which the legal holders of property are enabled to take a share of the values for the growth and upbuilding of which society is responsible.

The technical details of a modified scheme for the inheritance of property and for a land tax have no place in a general article. They do stand out, however, as the two most immediately practicable devices for insuring a larger measure of economic justice.

#### RIGHTEOUSNESS AVAILETH NOT

The time has come when men must cease their glib generalizations about the intimate relations between vice and poverty. Listening to certain well-fed, comfortably-housed philosophers one might readily picture the poor as the incarnation of everything wicked and unclean. Their lot, these worthies insist, is merely their just desert. They have sinned — they and their fathers — therefore they suffer.

An examination of the facts in the case shows, beyond any reasonable hope of contradiction, that the low-skilled man is the victim of a system of wage payment which turns over to him, in a great proportion of cases, less than enough to maintain a decent family living. What-

ever the wickedness of the low-skilled, there stands the organization of modern industry with a wage scale so adjusted as to make decent living impossible for tens of thousands of families. While the present system of wage payment remains, if the poor were all made perfect they would still be poor. Righteousness is not at issue. The true question concerns itself with the method of industrial organization.

There is here no attempt to minimize the importance of personal qualities and of individual virtues. Both are vital to individual and to social success. It is important, however, to recognize the immense gulf which present-day industry has established between the low-skilled worker and the larger phases of human living.

## THE COST OF LIVING





## CHAPTER XVI

### THE COST OF LIVING<sup>1</sup>

#### WHY THE HIGH COST OF LIVING?<sup>2</sup>

**A**N enumeration of all the causes would fill a large volume. It would have to include the reasons for the high price of each one of the all but countless articles produced and consumed, the reasons not being the same in all cases.

Since the cost of living has risen to a marked degree throughout the whole civilized world during the past twenty-five or thirty years, political economists are agreed that there must be some general cause or causes for the world-wide effect. One cause they find in the increased amount of gold that has been dug out of the earth. Gold is the only recognized standard money in civilized countries. It measures values. It is the best form of money that has thus far been discovered and adopted, because it has been for centuries comparatively steady in value. But when the supply of gold increases,

<sup>1</sup> With a desire to present the most comprehensive discussion of the cost of living in the most condensed form, we are, in this chapter, reprinting an editorial from the *Boston Globe* and one from the *World's Work*.

We are also quoting from the preface, introduction and "summary of the argument" of Professor Scott Nearing's book "Reducing the Cost of Living," George W. Jacobs & Co., publishers.

We are indebted to both author and publisher for their kind permission to reprint.

<sup>2</sup> Editorial *Boston Globe*.

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when the amount of standard money in the world is enlarged, it becomes cheaper, like other commodities, and more of it is required in exchange for what one buys. Thus the phrase, "Prices are higher," means the same as, "Gold is cheaper."

Another general cause for higher prices is found by economists in the fact that the population of the world is moving city-ward, thus increasing the number of consumers and decreasing the number of producers of food-stuffs.

Those are the orthodox academic views. None except a bold layman would venture to dispute them. But besides these two general causes of higher prices there are innumerable contributory, incidental, temporary or local causes. One such is the careless manner in which the alleged "eternal and immutable law of supply and demand" is ignored by producers and middlemen. Though in practice a dead letter, that "law" is still in force in a broad sense.

The earth's population constantly increases. So does the supply of food and clothing. Whether they increase in the same ratio is a point over which the economists wrangle. One fact at least is undisputed: The folks living to-day want more comforts and luxuries than their parents or grandparents wanted. We say "the standard of living has risen." It has. We produce more and we consume more. That ought not to disturb prices.

But the trouble is that there is so much of what the economists call "unproductive consumption," or waste. The food and clothing of an idler are unproductively consumed. So are most of our luxuries and the long

list of unnecessaries of life. Nearly all of us except the unemployed and the very poor eat more than we need and wear superfluous clothing. Unproductive consumption decreases a community's stock of wealth, increases demand and tends to raise prices. So the higher cost of living is partially due to higher living.

Another plain reason why we pay so much for what we buy lies in our wasteful and unscientific methods of distribution. When an article leaves the producer it runs the gauntlet of middlemen, shipper, jobber, agent, commission merchant, wholesaler, retailer, who add to its cost, and all their charges are finally paid by the consumer, who also foots the transportation bill. The simplification of our complicated machinery of distribution would considerably reduce the cost of living.

Restricted production and restricted distribution, with a view to getting higher prices, are another factor in the problem. When Pennsylvania anthracite barons decide to mine only a certain amount of coal in order to keep up or raise the price, as their monopoly of a natural resource still permits them to do, in spite of the Sherman law; when Kansas farmers burn corn for fuel; when Kentucky night-riders burn tobacco warehouses to lessen the supply of tobacco; when New York commission merchants allow hundreds of carloads of potatoes and other foodstuffs to freeze, though thousands of families may be starving; when millions of bushels of Georgia peaches and New England apples rot on the ground every year,—all this shocking waste, due to our faulty methods of distribution and to human cupidity, adds to the cost of living.

Aside from the myriad forms of needless waste which keeps prices up, there are other obvious causes of high prices. For instance, meats are high partly because the former vast free grazing lands of the West have been cut up into farms, and the farmers have not yet taken to raising cattle for beef; there is a reason for this. Wool is high because the sheep industry is not profitable in a thickly settled country. Lumber is high because we build so many wooden houses and because the forests have been wantonly sacrificed.

Even a very incomplete list of the causes of the high cost of living should include a mention of the influence of the present war, though in many cases that is no doubt merely an excuse for raising prices, and not the cause. Throughout the world, however, it must exert a profound effect on prices, since war involves the unproductive consumption of enormous wealth.

### THE OTHER FIFTY CENTS <sup>3</sup>

Usually, when we spend a dollar, about half of it goes for the raw material and the labor that are used in making the article which we purchase.

The other fifty cents is what we pay for having it sold to us. Wholesalers, retailers, transportation agencies, and advertising mediums divide it, sometimes in one combination, sometimes in another.

The great struggle in our commercial life is to reduce that fifty cents. Of course the selling cost is not always exactly 50 per cent. of the retail price.

In some articles it is more, in others less, but on the

<sup>3</sup> Editorial *World's Work*.

average it is certainly not much, if any, less than that. A more or less dim realization of this fact has led to a popular outcry against the middleman, as if he had created this selling cost entirely for his own benefit. The truth is he is the victim of conditions much as are the rest of us. He is not in control of the situation. In many places and in many trades he is having a difficult time to make a living.

In our more primitive industrial days the many little manufacturers who could not afford to bear the burden of a sales force that could reach the scattered retail stores which sold their goods sold to wholesalers.

By combining a great number of articles from different manufacturers the wholesalers and jobbers, or middlemen, were enabled to support selling agencies that could reach all the retailers in their territory. The retailers in turn sold to their immediate localities. This was the best machinery that could be devised at that time, and for many parts of the United States it still is.

But, in later days, our efforts to cut down the cost of distribution have injected many new elements into the machinery of distribution. Mail order houses are competing with the local retailers. Large manufacturers, with their own agencies, are invading the field. Other manufacturers, whose volume of business warrants it, have ceased to deal with the wholesalers, and now deal direct with retailers, or else sell direct to both. Retailers with a chain of stores have established wholesale departments for themselves, and wholesalers have established retail stores for themselves, some wholesalers have gone into the manufacturing business.

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Our whole machinery of distribution is in a state of flux and every producer realizes that his chance of salvation depends upon getting his goods from factory to consumer with as little expense as possible.

This is the problem of the high cost of living. We have not much accurate data on this subject. Every manufacturer struggles with his own problems, or at best discusses them only with the other members of his trade.

We could profit by more extended and scientific investigations. The science of selling offers a great field for study for the Department of Commerce and for the many business schools which are springing up in our colleges.

Commerce is not mere money getting. It is a science, as banking, and law, and medicine are sciences.

It should be studied as such, for with such study comes not only greater efficiency but a higher standard of ethics as well.

There is no more pressing public service to be done than the discovery of the best ways of distribution and of elevating business to the standard of a profession.

### REDUCING THE COST OF LIVING<sup>4</sup>

With impertinent regularity, economic and social questions present themselves for solution.

At one time the central figure in the tangled mass of issues that loom before society is slavery; at another time it is universal education. Each issue, as it appears.

<sup>4</sup> From "Reducing the Cost of Living," by Scott Nearing. Geo. W. Jacobs & Co., Publishers.

across the path of progress, must be met and mastered before civilization can resume its course.

When the twentieth century dawned the Western World was confronted with two portentous problems. One of these problems involves the relation between private and social property; the other involves the cost of living. The cost of living issue is intimately related to the controversy over the rights of private and social property. . . . Neither question can be ignored.

America is a land of justice; yet blatant wrongs challenge the attention of the most superficial observer. America is a land of equality; yet the present generation enters upon a life arena of inequalities such as the world has seldom seen.

America is a land of plenty, but rising prices spread hardship and misery. The questions involved in the high cost of living are menacing in some of their aspects. The obstacles which they present are not insuperable, however. The outlook is hopeful; there is ample room for optimism, yet the time has come when both hope and optimism must culminate in decisive action.

The cost of living has been discussed in such a multitude of forms that any addition to the literature would be superfluous were it not for the fact that few attempts have been made to treat the subject generally. Specific instances of increasing living costs and abstract theories of causes have appeared in abundance, together with many suggestions for remedies. There seems to be lacking any unified statement covering these various fields. . . . Action without thought is as bootless as thought without action. In some cases it may be even more



disastrous. If the problem of the increasing cost of living is to be dealt with intelligently, it must first yield itself to a careful examination. The facts in the case must be analyzed and stated. Only after the matter has been looked at from all possible angles should a course of action be decided upon.

"Living" is a term that conveys different ideas to different people, because each group of people has its own standard of living. When the standard has once been set, the people living in the group must keep to it or be unhappy. The standard may begin with corn-pone or a baby-grand piano; in any case it must be maintained.

The cost of living problem really involves two distinct issues. One is the issue that confronts the well-to-do; the other the issue that confronts the family of low income.

The well-to-do family asks anxiously whether it can afford this comfort or that one, always taking for granted that bare necessities of life will be forthcoming.

The family under a thousand dollars a year is dealing with the necessities of life. Such families have comforts, to be sure; but then primary interest is in the necessities.

Families with large and families with small incomes are alike affected by the change in the ways of living. The inventions and discoveries which led to the use of the steam engine, the power driven machine, and the factory, took people from home industry to factory industry, from simple village life to the complex city life.

The growth of town and city life led to an increased

dependence upon services. The village dweller could serve himself. The city dweller, partly from necessity, and, among the well-to-do, partly from choice, turned expectantly to public and domestic servants, asking them to render assistance in making living easier. Side by side with the increased demand for services there has gone an increase in the number and variety of luxuries which the middle class enjoys. Among the well-to-do, luxuries of food, of clothing, of house furnishings, of means for amusement and for pleasure abound.

No less significant is the change in the popular estimate of the things which comprise the necessities of life. A hundred years ago the necessities were few and simple. At the present time they have increased in both number and variety. Each decade witnesses the addition of new classes of necessities to the long category which civilization has already prescribed.

Although much of the well-to-do living is based on a desire for comforts and luxuries, another great segment rests upon the desire of the well-to-do to "get ahead." Pride leads men to furnish a house, to dress, to spend, and to live in a manner which is in no sense dictated by personal desire.

The well-to-do see the cost of living problem as a problem of getting the largest possible number of goods and services in return for the income which they spend. The cost of living is rising for them because the demand for things, services and enjoyments is greater.

The family under a thousand dollars is interested in changing prices rather than in changing standards of life. For such a family the pressing question is one of secur-

ing an amount of income sufficient to buy the things which the family needs for the maintenance of physical efficiency. When prices rise the low-income family may be forced to deprive itself of some essential item in the family budget.

There is a widespread tendency to lay the burden of price increases upon some individual, or group of individuals.

The proceeding is essentially unfair. There may be cases where an individual has been responsible for increasing prices. Such instances are, however, the exception and not the rule. The rise in prices is the result, for the most part, of large economic forces which are not amenable to individual dictation.

The most startling feature of the recent increase in the prices of food is the rising price of meat and dairy products. A study of the facts shows that the supply of meat and dairy animals is failing to keep pace with the demand.

The gold supply of the world is increasing more rapidly now than at any time since 1850. In most commercial countries gold is the commodity in terms of which other commodities are measured. Gold is the financial yardstick. Unlike the thirty-six-inch rule, the gold dollar is decreasing in length; that is, it will buy less beef or flour to-day than it would buy twenty years ago. Although it undoubtedly has some effect on prices, the total influence of the increasing gold supply has been grossly overestimated.

Next to the increasing gold supply, the trusts are more generally blamed than any other single factor for

the increase in living costs. An examination of the facts shows that there has been no general increase in the prices of trust-made goods. Some of the trusts have secured huge profits, it is true, but these have been the results of improved methods of production and not of increased prices.

Producers insist that prices have advanced because of the advance in the cost of the raw materials and the labor which enter into the manufacture. The prices of raw materials have changed unequally. Raw materials derived directly from the land have risen rapidly in price, while semi-manufactured materials have increased less sharply or have decreased in price. Attention is called again to the increase in the cost of land-derived products. Food prices rose rapidly in the cases of meat and dairy products. The prices of these raw materials most directly secured from land likewise have risen fastest.

The facts show that during the past twenty years the value of agricultural land, timber land, and city land alike reveal a marked upward tendency. The facts relating to value increases during the past two decades may be searched in vain for any parallel to the rapid increase in the values of those particularly desirable parts of the earth's surface upon which mankind is most intimately dependent for his living.

The meager figures relative to wage changes indicate that there has been a general tendency to increase wages. Whether this increase has been offset by a corresponding increase in efficiency, the facts at hand do not show. On the face of the returns, labor engaged in agriculture, in transportation, in construction work, in mining and in

manufacturing is paid at a higher rate in 1914 than it was in 1890.

The high cost of living appears as an issue of immense proportions. Its phases are various; its causes are manifold. No one can put his finger on any one cause and say,—“Lo here!” or “Lo there” is the increasing cost of living. Nevertheless, the question must be solved; otherwise Western civilization is a self-confessed failure. The remedy before the well-to-do is an individualistic one. Each man is his own want adjuster. The remedy open to the worker is a social one. He can secure more returns for his labor by buying at lower prices, or by getting more service for his expenditure.

While men cannot follow Rousseau's behest and get back to nature, they can simplify their wants, bring them within the reach of their incomes, and look for satisfaction in other ways than through the possession of things. The hope for the well-to-do lies in a new vision of life. The ideal of possession must give place to that of service.

Society must get back to the land. The cost of living of the well-to-do can be effectively reduced by decreasing the number of services upon which they depend, and by bringing them into direct contact with the work of producing as many as possible of the things which they use.

Education can play a large, though indirect, part in reducing living costs. People may be taught to buy intelligently, and to use to the best advantage the things which they purchase. Then, too, producers and consumers may be educated to coöperate, and thus to reduce the costs of production and of marketing. Education

will raise the standard of public intelligence, and strengthen the sinews of public demand.

Another ready means of price reduction lies in greater efficiency of distribution. Man has been separated from his pigs, chickens and kitchen garden. As a villager, he supplied many of his own wants. As a city dweller, he buys the food which he needs. That the food may reach the consumer at the lowest possible figure, it is necessary that the steps from producer to consumer be reduced to a minimum and simplified to the utmost.

Speedy increase of land values makes clear the importance of conservation as a means of regulating living costs. No more significant duty rests upon society than the conservation of its soil fertility, its timber and mineral resources, and its water rights. Such a policy is a long term policy. No one administration can inaugurate it and carry it to a completion. Nevertheless, it is a social investment of the utmost value.

Most boys who go through the schools will engage in some occupation. The real question before the school is,—“Shall these boys go out of the school fitted to do their work well or badly?” Vocational training is the answer. Labor efficiency may likewise be increased by improving health, lengthening life, providing incentive, and improving mechanical appliances. All such devices, by adding to the productive power of the community, tend to lower prices.

The chaotic arena of financial controversy offers rich opportunities for activities that must finally play a large part in stabilizing values. The gold supply is increasing

so rapidly that it is no longer a stable medium of exchange. Nothing short of an agreement between the great commercial nations to control the output of gold mines, or to use fiat money, can stabilize gold values.

Monopoly means a control over a commodity, which is sufficient to raise or to maintain its price above the price level of free competition. The sources of monopoly power in the United States are land ownership, franchises and similar public grants, patents, credit monopoly, and industrial monopoly. All forms of monopoly power must be taken from the hands of individuals, and lodged in society. Through this means drastic modifications undoubtedly can be made in the cost of living.

Perhaps the most practical step toward the reduction of monopoly power is the readjustment of taxation on this basis assumption,—“Each man has a right to all that he earns, and to nothing more.” Taxation is the legitimate means by which the people can take over all values belonging to society. . . .

A successful program for reform must include increased efficiency, conservation, and monetary reorganization, besides the elimination of monopoly profits, through a readjustment of taxation. The well-to-do can settle the matter by simpler living; but the lower-income families, which comprise the great mass of the population, are dependent for relief on a policy which will give to each man what he earns and no more, which will take for social uses the values created by society, and which will regard the state as an organization of citizens effected and maintained to minister to their needs and to the needs of their descendants.

PROPOSED SOLUTIONS OF THE SOCIAL  
PROBLEM

By

IRA WOODS HOWERTH

PROFESSOR OF EDUCATION, UNIVERSITY OF  
CALIFORNIA





## CHAPTER XVII

### PROPOSED SOLUTIONS OF THE SOCIAL PROBLEM <sup>1</sup>

"Our aim must be the moralization of the individual, of the government, of the people as a whole. We desire the moralization not only of political conditions but of industrial conditions, so that every force in the community, individual and collective, may be directed towards securing for the average man, and the average woman, a higher and better and fuller life, in the things of the body no less than those of the mind and the soul."  
— ROOSEVELT.

"The true solution of the great social problem of this age is to be found in the ultimate establishment of a genuine *people's government*, with ample power to protect society against all forms of injustice, from whatever source, coupled with a warm and dutiful regard for the true interests of each and all, the poor as well as the rich. If this be what is meant by the oft-repeated phrase 'paternal government,' then were this certainly a consummation devoutly to be wished. But in this conception of government there is nothing paternal. It gets rid entirely of the paternal, the patriarchal, the personal element, and becomes nothing more or less than the effective expression of the public will, the active agency by which society consciously and intelligently governs its own conduct."— WARD.

WHOEVER from the social viewpoint takes a careful look at the industrial system of to-day cannot fail to observe the conspicuous fact that the industrial world with all its ancillary activities is to a large extent organized, controlled and directed by so-called captains

<sup>1</sup> From "Work and Life." Copyright, Sturgis & Walton Company. Reprinted by their special permission.

of industry; that is to say, by business men, those who are in control of the material means of production. Business interests and business ends are primarily the interests and objects of these leaders in the industrial world. They determine, within limits, of course, the kind and character of commodities to be produced and the amount and direction of the labor to be employed. The actual end of industry is, therefore, the end which business men are pursuing.

This end is primarily material gain. Men are not in business for their health. Their sole purpose is not always and everywhere a sordid one, but, generally speaking, their object is to make money. No business will be long pursued unless it brings to those at the head of it the material reward known as profits. The end of business, therefore, and the end of modern industry, is the wealth of a few rather than the welfare of all.

From the social viewpoint, however, industry should be the means of realizing the social end. Business has no other social justification. The end of society, however, is not material, but spiritual. Material prosperity is indeed the basis, but it is not the substance of its realization. A man may accumulate wealth, and fail in life, and the same is true of a people. An era of material prosperity may be coincident with a period of decadence. "What shall it profit a man if he gain the whole world and lose his soul?" is an inquiry which might well be addressed to a people. The soul of society, its higher interests, should be its prime consideration. The end of society cannot be expressed in terms of material gain; it is not private profit, but the public good.

It will be seen, then, that there is a disharmony, a lack of identity, between the end of business and the end of society. The one is individual gain, the other is the collective good; the one is money, the other is life; the one is wealth, the other is welfare. Thus the social problem of to-day becomes in reality the problem of harmonizing these two discrepant ends; it is the problem of transforming the end of industry from individual gain to collective good, of bringing the industrial efforts of men into conformity with the demands of social well-being, of subjecting and subordinating the industrial activities of society to the higher purposes of human life.

The proposed solutions of this problem may be classified, with respect to the point of attack, as individualistic and socialistic. Individualistic solutions are those which are directed primarily at the reform of the individual, while the socialistic are those which aim to revolutionize the "system," and which place the emphasis upon social action to reform industrial conditions. With respect to the time required in their application the proposed solutions are gradual and convulsive or catastrophic, evolutionary and revolutionary, peaceful and violent.

The operation of an individualistic solution must obviously be slow. A socialistic solution, even if revolutionary, is not necessarily precipitated or effected by violence. But the possibility of a violent and sudden change appeals to many whose patience is easily exhausted. If asked, How may the immorality of the profit system be done away with, and the pursuit of profits be made identical with the effort to promote the commonweal? some would answer, Do away with the profit

system! Destroy it, root and branch! This is easy to say, but how is it to be done? By revolution, effected by violence? Then appeal must be made to the principles of force and domination, the operation of which constitutes the chief ground of objection to the profit system. Our problem is one of establishing rational industrial ends and relations. It can be solved, therefore, not by force but only by reason. Force determines nothing but relative strength. Reason, and reason alone, must be the final arbiter of all questions affecting the relations of men.

We must, therefore, reject and discountenance all solutions of the social problem which involve the principles of force and domination. The experience of the world in its attempt to solve the political question should have taught us by this time that the desire for freedom from domination is ineradicable. Liberty, industrial as well as political, is "the eternal spirit of the chainless mind"; and wherever it is repressed there will always be the conditions of revolt, and hence an unsolved social problem.

We are left, then, with the only alternative solution, namely, that of evolution, the peaceful methods of orderly progress, and first let us consider the solutions that are individualistic in their nature.

Individualistic solutions of the social problem may all be subsumed under the word "moralization." To remedy the evils incident to our competitive system of industry, we are often told, we must moralize the business man and moralize the laborer. The fact that employers sometimes engage in illegitimate enterprise and occupations,

that they do now and then produce commodities which do not promote life, that they adulterate their goods and misrepresent them by lying advertisements, that they take the highest price a business will yield, irrespective of the moral claims of others, that they grind down labor and ruthlessly reap success from the failure of others, goes to show that there is a low standard of business ethics. And the like fact that laborers do not always identify the interests of the employer with their own, that they sometimes make unjust demands, and resort sometimes to violence, is evidence that they, too, need moralization. We must moralize the business man, then, and moralize the laborer so that each will give to the other a "square deal." This, we are sometimes told, is all that is necessary to solve the social problem. Well, there can certainly be no objection to moralizing the business man, or the laborer, and there should be no relaxation of effort in that direction. "The leaders of industry, if industry is ever to be led," says Carlyle, "are virtually the captains of the world; if there is no nobleness in them there will never be an aristocracy more."<sup>2</sup>

But those who advocate moralization as the sole, or the principal, method of harmonizing the ends of industry perhaps overlook certain difficulties inherent in a competitive system of industry. These are not merely the psychological difficulties involved in the process of changing human nature, although these of themselves require time to be overcome. How long, for instance, will it be before the character of the average business man is so transformed that he will decline a profit that comes to

<sup>2</sup> Carlyle, "Past and Present."

him through the operation of the natural laws of trade, as, for instance, the law of supply and demand with reference to labor? It will surely be a long time before the average business man will do so, and yet his refusal to decline such a profit gives rise to what may be called the paradox of modern industry. To illustrate what is meant by the paradox of industry let us suppose the case of a laborer who is working for an employer at the customary rate of wages. The employer makes a profit on his labor, otherwise he would not be employed at all. Now suppose that there is an increase in the number of laborers seeking employment in his particular trade. What will be the effect upon his wages? Obviously, they will tend to fall, on account of the increase in the supply of labor, and in the natural course of business operations his wages will be reduced. But his work is no less profitable to the employer than it was before. He works just as hard; his productivity is not diminished. The sales of his employer, and consequently his profits, may possibly be increased, because of the increase in the number of consumers. Why, then, does he suffer a loss in wages? Obviously it is because the increased competition of labor makes it possible for the employer to lower the wage element in his cost of production, and thus raise his profits, and being a business man he takes advantage of a business opportunity. It will be a long time before the average employer will be moralized to the extent that he will resist the temptation.

Here, then, is the paradox: The workers of society, continually complaining of overwork, and clamorous in their demand for leisure, do not welcome the advent of

more laborers to help them in their task. The reason for this is clear. The workers are working primarily for their employers and not primarily for society. Employment is the means by which they live. Their work is not so much a social task as an individual opportunity. A new laborer, therefore, appears to them not in the guise of a friend who would lighten their toil, but in the aspect of an enemy who would jeopardize their job. It is thus a case in which many hands do not make light work, but light wages. The disposition, then, of the business man to accept the profit which the natural laws of trade enable him to take gives rise to the peculiar inconsistency in the industrial order which has just been described, and yet it would hardly be recognized as a demand for moralization because the taking of such a profit is not ordinarily regarded as immoral.

There are other difficulties, however, which lie plainly in the way of the solution of the social problem by moralization. In a competitive system of industry, for instance, the man who would succeed must observe the rules of the game. He cannot, as a rule, on the average and in the long run, practice a higher morality than his competitors. His success depends upon his ability to compete, and competitive ability, at the present stage of industrial development, consists not alone in the high moral virtues, but also in the virtues of animal cunning, more or less intense egoism, and somewhat calloused sensibilities. For, as John Stuart Mill once said, "If persons are helped in their worldly career by their virtues, so are they, and perhaps quite as often, by their vices: by servility and sycophancy, by hard-headed and close-



fisted selfishness, by the permitted lies and tricks of trade, by gambling speculations, not seldom by downright knavery."

Suppose, for instance, that an employer wishes to be unusually generous to his employees and pay them more than the competitive rate of wages. He is compelled to meet the competition of less generous men who adulterate or misrepresent their goods, or who fix the average margin of profits by the payment of a niggardly wage. By such men he will be undersold, and to be undersold in business is to be forced into bankruptcy. It may well be true that superior generosity to employees and strict business honesty are a valuable business asset, but a moral quality is of no business significance until the returns occasioned by it begin to come in through wider sales and increased profits. This, however, takes time for the business man's reputation to spread, whereas his success or failure in business may be a matter of a single transaction. Generally speaking, honesty is the best policy because it is profitable for the soul. But honesty is not necessarily the best business policy; for business has regard to profits, and sometimes strict honesty will result in a business loss. If it is said that in "the long run" honesty will prove to be always the best policy, the obvious answer is that oftentimes the business man cannot "run that long." If, then, we moralize the business man too successfully we moralize him out of business. It would be another case of "a beautiful and successful operation; but the man died." The laborer is in like case. Suppose that a laborer is moralized to the degree that he identifies the interests of his employer with his

own, that he would be magnanimous and give his employer the best service of which he is capable. As things now are he can by no means be sure that his superior efficiency will be recognized by an increase in wages. He will, of course, have the consciousness of duty performed, but there will be a resultant effect that will be likely to disturb his complacency. He will find that his superior productivity as a laborer results not merely in no permanent increase in his own wages, but that it will be held up by his employer as an excuse for lowering the wages of his fellow laborers. One of the most conservative labor leaders of my acquaintance declares that in an experience of thirty years he cannot recall a single instance of the increased productivity of a laborer resulting in a permanent increase in wages. "Workmen agree among themselves not to do more than a certain quantity of work," says Gunton, "because repeated experience has taught them that if they do, their wages will soon be proportionately reduced."<sup>3</sup>

We see, then, that in a competitive system of unequal morality it is extremely difficult for individual employers, or employees, to rise to a higher level of business honesty or productive efficiency, and thus give to each other a "square deal." The business man cannot be moralized independently and remain a business man, nor the laborer independently without working injury to his fellow-laborers. The "square deal" is possible only when all are "square."

Moralization, then, as a means of solving the industrial problem, must be supplemented by collective effort

<sup>3</sup> Gunton, "Wealth and Progress," p. 180.

to improve the industrial system. Such effort must finally take the form of social legislation. By social legislation I mean legislation primarily designed to promote the welfare of society and not specially aimed at securing or maintaining special individual or class privileges. Wise legislation backed up by an enlightened public opinion can do much to restrict and improve the methods of industrial competition. Under modern conditions it is difficult for the business man to do right and easy for him to do wrong. Legislation can make it easier to do right in business activities and dangerous, if not difficult, to do wrong. It can make the way of the transgressor hard. It can compel the unfair and tricky competitor to regard, if not respect, a higher standard of business morality. The man who adulterates or misrepresents his goods, for instance, and thus drives his would-be honest competitors to adopt his dishonest practices or retire from business, should be compelled by law to forsake his methods or be himself forcibly retired from business with the disgrace that would attend his incarceration with his associates who wear striped clothes. Germany already has a law forbidding fraudulent advertising, or deception as to quality of goods, and punishes by fine or imprisonment, or both, certain other unfair methods of competition. This is a step in the right direction. Again, the financier who wrecks a corporation engaged in legitimate business, and thus brings ruin and misery to thousands of innocent stockholders, instead of being lauded for his shrewdness in business should be made to feel the smart of a righteous public indignation manifesting itself through opinion and law. "It is not

only highly desirable but necessary," said ex-President Roosevelt, "that there should be legislation . . . which shall discriminate in favor of the honest and humane employer by removing the disadvantage under which he stands when compared with unscrupulous competitors who have no conscience and will do right only when under fear of punishment." <sup>4</sup>

It has been a favorite policy of the American people to protect infant industry. Perhaps it would be even more profitable if they should devote a larger share of their attention to the protection, through legislation, of "infant morality."

Social legislation, however, is attended by difficulties. Chief among these difficulties is that occasioned by the conflict between established conditions and proposed improvements, between the interests of the individual and the interest of the collectivity. This conflict of interests is often denied. We hear and read the unctuous platitude that the interests of the individuals of society, the laborer and the capitalist, for instance, are identical. It is uttered as if it were the quintessence of social wisdom. But it is not true. If it were, we should have comparatively plain sailing, for men are not so blind but that they might be made to see the wisdom of legislating to promote the common good if they themselves were to receive no harm and to have a share of its benefits. But the unfortunate thing about the proposition is that at best it is only a half truth. There is and always has been a conflict between the interests of individuals and the interests of society. The truth of the proposition just

<sup>4</sup> Theodore Roosevelt in speech at Minneapolis, Minn., Sept. 2, 1901.

laid down would hardly seem to need illustration and yet it is so often denied that it may be well to cite a few cases in which it is obviously true. Take, for instance, the interests of the physician and the interests of society. The movement to promote the public health is a social interest, but the physician whose living depends upon his practice could not, as physician, rejoice at the elimination of all disease. It has been estimated that we squander a billion dollars every year by getting sick and calling in the doctor, while incidentally the minor ailments which yield to home treatment but involve the loss of time, cost us several hundred millions in addition. It is possible that this loss could be saved in the main, partly by legislation, and partly by personal control, "but," says an eastern editor pertinently enough, though evidently with a muddled condition of mind with respect to social progress, "what would the constantly increasing army of doctors be doing in the meantime? About every reader appreciates the fact that the average doctor is a pretty good sort of fellow. Now, to attempt to cut off the revenue from the faithful practitioner in this way is a little too bad." But it is not the doctors alone who would lose by improved physical conditions of the body politic. There are thousands of business men engaged in the sale of drugs and medicines, patent, potent, and impotent, whose profits would diminish. If society were fortunate enough to discover the Fabled Fountain of Immortal Youth, so that all we should have to do would be to drink of its waters and live forever, it would be to the interest of business men to build a wall around it

and sell its waters at the highest price which the demand for immortality would bear.

Again, society would undoubtedly be better off if all litigation should cease, but if there were no more litigation this would be a "weary, stale and unprofitable" world so far as the lawyer is concerned. The interests of society as a whole would be served by the general introduction of useful inventions and labor-saving machinery, and in the diffusion of knowledge of technical processes, in doing away with trade secrets, in publicity. But not so the laborer who is thrown out of employment by the new inventions, or the manufacturer whose success depends upon exclusive knowledge of a technical process, or the corporation whose existence depends upon preserving the secrecy of its operations. In certain American industrial establishments, I am told, each employee is pledged to sign papers transferring to the company the titles of all inventions made by him while in its service. These inventions might be highly useful to society at large, but they are often pigeonholed because the company, in no danger of the use of the inventions by competing establishments, finds it more profitable to strangle an invention than to bear the expense of the readjustment which would be made necessary by its introduction. Sometimes the inventor himself finds it profitable to exercise his ingenuity in destroying social utilities. A million dollars, for instance, is the reported payment for a device for preventing a bottle once emptied from ever being refilled.

One more illustration must suffice. It is familiar, but

it is a classic. When the Apostle Paul attempted to introduce Christianity among the Ephesians, he met exactly the same obstacle which confronts the reformer of to-day, namely, the opposition of vested interests. "For a certain man named Demetrius, a silversmith, which made silver shrines for Diana, brought no small gain unto the craftsmen, whom he called together with the workmen of like occupation, and said, 'Sirs, ye know that by this craft we have our wealth. Moreover ye see and hear, that . . . this Paul hath persuaded and turned away much people, saying that they be no gods, which are made with hands: so that . . . this our craft is in danger to be set at naught.'"<sup>5</sup> Paul was endeavoring to promote the spiritual welfare of the Ephesians, but the acceptance of his doctrines was seen to be destructive of the material interests of some of the silversmiths, hence they opposed him on selfish and material grounds, but like men in similar conditions in modern times they pretended solicitude for religion and morality and cried, "Great is Diana of the Ephesians!"

These examples are perhaps more than sufficient to show that the interests of individual firms, corporations and the like are not identical with, but are often opposed to, social interests, and it is this opposition that makes it so difficult to secure social legislation.

Observe how this difficulty manifests itself in any attempt to promote the public well-being by the enactment of law. Suppose, for instance, that a legislature or legislative committee, state or national, presents a bill framed in the interest of the public at large, socially necessary

<sup>5</sup> Acts xix, 24.

legislation, looking, let us say, to the reduction of the hours of labor, the protection of women and children employed in industry, the regulation of railway rates, the establishment of a parcels-post, or some other reform plainly demanded by public well-being. Immediately petitions are drawn up praying for the emasculation or defeat of the proposed law. The lobby of the legislature or of Congress swarms with the representatives of special interests which would be adversely affected by the proposed legislation. Men whose profit will be diminished, or whose wages may be decreased by the proposed change, clamor for the defeat of the proposed measure. Society, then, may not have tariff reduction, effective railway regulation, a parcels-post, the protection of women and children in industry, because certain powerful interests may be injuriously affected thereby. Capitalists are more solicitous for their own property interests than they are for the larger interests of society.

But capitalists are not the only persons who oppose social legislation because their material interest may be disturbed. Trades-unionists do the same, unorganized laborers do the same. Men are all pretty much alike. Capital may complain of the selfishness and tyranny of labor, and labor may denounce the cruelty and brutality of capital, but the capitalist is only a laborer in the possession of power, and the laborer a capitalist in reduced circumstances. All alike object to social movements which work harm to them.

Now it is customary to disregard private interests in attempts at social reform, and to denounce men for opposing socially necessary legislation because of its injuri-



ous effects upon themselves, that is to say, for looking out for "number one." They are told that they should prefer the public good to their own. Perhaps they should, but it is asking altogether too much of human nature to expect a man meekly to acquiesce in the promotion of social well-being through, it may be, the destruction of his business which society at least permitted, if not encouraged, him to practice and upon which the living, if not the lives of himself and his family, depends. This is not merely inexpedient, it is unjust. Why should all the discomforts involved in a progressive social change be borne by a few? Why should the growing pains of the social body be permitted to concentrate in a minority of its members? When an individual or a group of individuals engaged in legitimate enterprise actually incurs a loss by an onward movement of society effected by legislation, it would seem that it is the duty of the public which profits by the movement to share some of the loss sustained by those to whom the movement brings injury. As Adams and Sumner declare in their book on *Labor Problems* (p. 15), "society must learn to minimize the unfortunate incidents of progress, and systematically compensate those who are injured literally for humanity's sake, because it is just this incidental and temporary destructiveness of progress that accounts for the gravest economic and social evils of our epoch."

If this principle had been recognized and applied, the path of progress would have been far smoother than that which history reveals. There would have been fewer wars, fewer riots, fewer strikes, fewer persecutions and fewer martyrs. And if the principle were now applied,

one great difficulty of social legislation would be removed. If it is "an ill wind that blows nobody good," it is a rare wind that blows nobody ill. Social reform results almost invariably in individual loss and disturbance. By distributing among the losers a part of the good achieved, we could destroy the opposition of selfishness by harnessing the self-interest of the individual and making it pull in the direction of progress.

Here, then, is a great function and opportunity of legislation. Regarded as a necessary means of bringing the object of industry into conformity with the requirements of life, it should balance the interests of men, so far as these interests are legitimate, and destroy them when they are not. It should reconcile as far as possible individual and corporate interests with the interest of society. It should provide that social gain shall not be at the expense of individual loss. It should convert the force of selfishness into an instrument for promoting the common weal.

Scientific social legislation, then, as well as moralization, is a necessary means to the solution of the social problem. The difficulties attending each of them make progress towards such solution extremely slow, but progress thus attained is sure.

"Slow are the steps of Freedom, but her feet  
Turn never backward; hers no bloody glare;  
Her light is calm, and innocent, and sweet,  
And where it enters there is no despair."

There are, then, two methods of procedure, and two objects of attack, in every rational attempt to solve the Social Problem of To-day — the selfishness of individu-

als, and our social and industrial organization. Eliminate undue selfishness and the problem is practically solved. Destroy all opportunities for selfish domination and we have the same result. Education and religion aim primarily at one, radical social reconstruction at the other. Both objects must be considered. Each may be looked upon as end or means of the other. But inasmuch as all efforts to transform the character of men must consist in some modification of their environment, it would seem that industrial change is the initial means. Says Hobson: "There are those who seek to retard all social progress by a false and mischievous dilemma which takes the following shape: No radical improvement in industrial organization, no work of social reconstruction, can be of any real value unless it is preceded by such moral and intellectual improvement in the condition of the mass of workers as shall render the new machinery effective; unless the change in human nature comes first, a change in external conditions will be useless. On the other hand, it is evident that no moral or intellectual education can be brought effectively to bear upon the mass of human beings, whose whole energies are necessarily absorbed by the effort to secure the means of bare physical support. Thus it is made to appear as if industrial and moral progress must precede each other, which is impossible. The falsehood in the above consists in the assumption that industrial reformers wish to proceed by a sudden leap from an old industrial order to a new one. Such sudden movements are not in accordance with the gradual growth which nature insists upon as the condition of wise change. But it is equally in accordance with

nature that natural growth precedes the moral. Not that the work of reconstruction can lag far behind. Each step in this industrial advancement of the poor should, and must if the gain is to be permanent, be followed closely, and secured by a corresponding advance in moral and intellectual character and habits. But the moral and religious reformer should never forget that in order of time material reform comes first." And, we may add, that a final solution of the problem involves not merely reform but revolution, in the sense of a complete change in the basis of our industrial relationships, a change from a competitive profit-seeking industrial system to a co-operative industrial commonwealth.



# THE ART OF LIVING

By

SAMUEL GEORGE SMITH <sup>1</sup>

PROFESSOR OF SOCIOLOGY AND ANTHROPOLOGY  
UNIVERSITY OF MINNESOTA

<sup>1</sup> Deceased since the preparation of this article.



## CHAPTER XVIII

### THE ART OF LIVING <sup>2</sup>

WHEN poverty is defined as a lack of the necessities of life, we have simply described its obvious and concrete forms. We have not explored its nature or its causes. The intellectual vice of much of the discussion of poverty results from too much attention to its outward symbols. Lack of good food and clothing and the want of a suitable tenement are not in themselves valuable teachers in the administration of charity. A crass materialism here, as everywhere else, ignores the essence of social problems.

In the meantime, much of the misery of poverty is simply the visible manifestation of ignorance. Multitudes of the poor do not know what to do with what they have. This is a failure in the use of the mind. Even larger multitudes though they know how income might be used to better advantage than they now use it, lack the self-control and the earnestness required for the undertaking. This is the moral deficiency of the poor. Only those who see that a large part of poverty is a lack of intelligence or a lack of character, or both, are able even to suggest any correct or adequate remedies.

Notwithstanding the public school system in America,

<sup>2</sup> From "Social Pathology." Copyright, The Macmillan Company. Reprinted with their special permission.



which is the boast of the nation and is supposed to be the envy of many other countries, there is very little information among the people with respect to the most important of all practical subjects, namely, the art of living. By the art of living is meant that disposition and use of commodity which secures the greatest comfort at the lowest cost. This is its most obvious meaning, but the range of the art is vastly wider. It includes, for example, a knowledge of what to do in the beginnings of sickness; how to dispose of time and strength when the years begin to impair the vitality, and, in brief, how to maintain the family group in the maximum of power at the minimum of effort. The native American population is probably more lacking in this important branch of knowledge than any other people in the world. Other people have been taught by their misfortunes and their lack of resources. The native American population, with the tradition of inexhaustible natural wealth at his disposal, has developed a talent for wastefulness that has almost become an economic curiosity. The native American population has furnished methods of living that by the law of imitation are controlling the national life. It has followed that those sections of our population that have come recently from European countries, where of necessity stricter economy must be practiced, have often degenerated by contact with American society. In hotels and restaurants of all grades food is served in barbaric profusion unknown to other countries. In American kitchens enough broken food is often wasted to provide a dainty banquet for a thrifty French family.

The failure of the public schools to properly educate

the future wives and mothers is one which requires national consideration. It is useless to understand the delightful intricacies of quadratic equations and to have the most superficial knowledge of household economics. The public schools should prepare the boys for earning and the girls for the wise and economical use of the income. The girls who reach the high school are taught what is called physiology, but all the girls in the grammar schools should be taught the simple rules of hygiene upon which health depends and which are quite level with their intelligence. The chemistry of foods has yielded a knowledge of food values and the resultant information, without the process by which it is obtained, can easily be imparted, so that any one who knows how to read may find out what is required to build a body and to maintain its efficiency. It is nothing less than criminal upon the part of the state to allow any girl to grow up within the social group who does not have that kind of information. Academic education is well, but as between the two, it is far better that a girl should know how to organize a dinner than how to parse a sentence, and how to build a body rather than how to draw a diagram.

The death of children in infancy is one of the most serious occasions of human sorrow and of economic loss. Most of these children are killed by bad food. In spite of the severe labor and unwholesome conditions of unknown thousands of mothers, children live through the nursing period to die soon after being weaned. Such experiences make life a tragedy and the home an inferno.

The art of living includes sufficient knowledge and the

development of judgment necessary to buy proper clothing. Plenty of people spend money enough for good clothing and seldom have it. They do not know what to buy or how to buy. A pair of shoes at a cheap price are worthless in two weeks, when for a little more money a good pair could have been had that would have lasted for months. Of course it is elementary to say that cheapness is a thing of proportion. It is the proportion between the cost of an article and its possible service, but it is these elementary facts that the poor need to know. What is true of shoes is true of every other article of clothing. What is true of clothing is true of furniture. Only the rich can afford to buy low-priced things that must soon be thrown aside. The poor must practice an economy that insists upon quality in the things purchased.

The art of living involves the education of good taste. A rational self-respect lends dignity to life however limited the resources. Self-respect depends on the development of the faculties. The woman who knows how to make a home attractive upon the smallest amount of material resources is as real an artist as the painter or the singer. It is a comparatively easy task to feed the hungry. It is not a task beyond our resources to impart knowledge with respect to food, clothing, and house-keeping. It is more difficult to furnish the degree of cultivation that will choose the best things. There is little time to read and little money for books. Shall the time and money be spent for the best? There is little money for pictures, and may the poor be taught to like cheap and beautiful copies of great works? Beauty and order are not dear commercially, and yet they are expen-

sive. The cost is in the development of the eye to see and the trained intelligence to select. The most revolting thing in the homes of the poor is their contentment with brutal ignorance. When we find poor people who have the sense of order and who are determined to be clean, it is with difficulty that we think of them as being poor at all. There are shanties occupied by working people of the lowest grade economically, where the wives have been trained in the art of living, that are such models of good order and good taste that no visitor would ever put the inhabitants in the needy class. In the same row of shanties, with practically the same amount of money to spend, there are homes which show every evidence of poverty and degradation.

Of all the economic virtues perhaps the thing we call foresight is the most fundamental. This virtue leads the father and mother to consider what the annual income will be and to endeavor to spend it by a plan. Recent investigators have been endeavoring to find out the average income of each family.

Particular inquiries have been made as to the necessary income required by a family to maintain a suitable standard of living. These studies are of the utmost value, and when a sufficient number of them have been made with sufficient accuracy, they may be depended upon for a good deal of guidance. It may be noted, however, that the money size of the income will vary greatly in different localities. Every such study must be based upon local conditions and must be locally applied. The same amount cannot be set aside, for example, for rent, and made to fit the requirements of

every community. The cost of fuel will vary according to climate, and so on throughout the entire list. No foot-rule can be devised that can be mechanically applied.

The capacity for the use of the income is essentially artistic. It is based upon a sense of order and proportion. The Indian is said to sell his hammock at a cheaper price in the morning. He does not need it then. The psychological vice of the poor is the lack of foresight. The pressure of the immediate pleasure is intense and weakness succumbs.

The knowledge of budgets is well; the artistic sense is more. But to take a year's wages and to plan a year's expenditure, and then hold to the plan, requires more than a knowledge of statistics or the feeling for beauty. It demands a development of character. There are places in life where the moral and the artistic overlap. It is only the sensitive that are shocked by what is ill-timed or vulgar. The art of living must be spread by sympathy, by contagion, by imitation. The mind and body can produce commodity. It requires the strength of the best possible men and women to use it wisely. The whole nature of the men and women who are in poverty must be molten to receive new theories of practical living based upon high considerations. There is no force available for this task except that of love. This treasure is the most valuable of all alms.

There is a social sacrifice of commodity called for by the state which in some cases becomes more of a burden upon the individuals than the entire dependent population is a burden upon the state. Where government,

either general or local, lays unnecessary burdens of taxation upon production, it tends to increase the area of poverty and to deepen its misery. Current taxation must be paid from current production whatever be the methods employed or whatever the theory upon which they are based. If labor is withdrawn from the ranks of the producers to serve the pride and ambition of municipalities, bread is dearer and rents are higher. If in the lust for power a nation builds warships and maintains vast armies, the standard of living is lowered and the distress of the poor is increased.

As the art of living for the individual involves securing the greatest comfort at the lowest cost by the wise production and the careful use of commodity, so it is the business of the state to furnish the greatest protection for its citizens at the lowest cost in taxation and in military service.

A wise paternalism is the wisdom of the modern world. Whatever the individual cannot do for himself, which ought to be done, should be undertaken by the state. Municipal undertakings do not depend upon theory, they rest upon the urgency of fact. Public power must be used as wisely as public resources. The organized social body must find out what are its suitable functions, and with diligence must seek the means of fulfilling them. The old methods of government were exceedingly clumsy. Rulers have become more and more skillful.

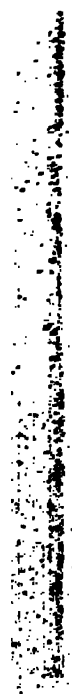


**BUSINESS — A PROFESSION**

**By**

**LOUIS D. BRANDEIS**





## CHAPTER XIX

### BUSINESS — A PROFESSION <sup>1</sup>

**E**ACH commencement season we are told by the college reports the number of graduates who have selected the professions as their occupations and the number of those who will enter business. The time has come for abandoning such a classification. Business should be, and to some extent, already is one of the professions. The once meager list of the learned professions is being constantly enlarged. Engineering in its many branches already takes rank beside law, medicine, and theology. Forestry and scientific agriculture are securing places of honor. The new professions of manufacturing, of merchandising, of transportation and of finance must soon gain recognition. The establishment of business schools in our universities is a manifestation of the modern conception of business.

The peculiar characteristics of a profession as distinguished from other occupations, I take to be these:

First. A profession is an occupation for which the necessary preliminary training is intellectual in character, involving knowledge and to some extent learning, as distinguished from mere skill.

Second. It is an occupation which is pursued largely for others and not merely for one's self.

<sup>1</sup> From "Business — A Profession." Copyright, Small, Maynard & Co. Reprinted by their special permission.

Third. It is an occupation in which the amount of financial return is not the accepted measure of success.

Is not each of these characteristics found to-day in business worthily pursued?

The field of knowledge requisite to the more successful conduct of business has been greatly widened by the application to industry not only chemical, mechanical and electrical science, but also the new science of management; by the increasing difficulties involved in the adjusting the relations of labor and capital; by the necessary intertwining of social with industrial problems; by the ever extending scope of state and federal regulation of business. Indeed, mere size and territorial expansion have compelled the business man to enter upon new and broader fields of knowledge in order to match his achievements with his opportunities.

This new development is tending to make business an applied science. Through this development the relative value in business of the trading instinct and of mere shrewdness have, as compared with other faculties, largely diminished. The conception of trade itself has changed. The old idea of a good bargain was a transaction in which one man got the better of another. The new idea of a good contract is a transaction which is good for both parties to it.

Under these new conditions, success in business must mean something very different from mere money-making. In business the able man ordinarily earns a larger income than one less able. So does the able man in the recognized professions — in law, medicine or engineering; and even in those professions more remote from

money-making, like the ministry, teaching or social work. The world's demand for efficiency is so great and the supply so small, that the price of efficiency is high in every field of human activity.

The recognized professions, however, definitely reject the size of the financial return as the measure of success. They select as their test, excellence of performance in the broadest sense and include, among other things, advance in the particular occupation and service to the community. These are the basis of all worthy reputations in the recognized professions. In them a large income is the ordinary incident of success; but he who exaggerates the value of the incident is apt to fail of real success.

To the business of to-day a similar test must be applied. True, in business the earning of profit is something more than an incident of success. It is an essential condition of success; because the continued absence of profit itself spells failure. But while loss spells failure, large profits do not connote success. Success must be sought in business also in excellence of performance; and in business, excellence of performance manifests itself, among other things, in the advancing of methods and processes; in the improvement of products; in more perfect organization, eliminating friction as well as waste; in bettering the condition of the workingmen, developing their faculties and promoting their happiness; and in the establishment of right relations with customers and with the community.

In the field of modern business, so rich in opportunity for the exercise of man's finest and most varied mental faculties and moral qualities, mere money-making cannot

be regarded as the legitimate end. Neither can mere growth in bulk or power be admitted as a worthy ambition. Nor can a man nobly minded of his serious responsibilities to society, view business as a game: since with the conduct of business human happiness or misery is inextricably interwoven.

Real success in business is to be found in achievements comparable rather with those of the artist or the scientist, of the inventor or the statesman. And the joys sought in the profession of business must be like their joys and not the mere vulgar satisfaction which is experienced in the acquisition of money, in the exercise of power or in the frivolous pleasure of mere winning.

It was such real success, comparable with the scientist's, the inventor's, the statesman's which marked the career of William H. McElwain of Boston, who died in 1908 at the age of forty-one. He had been in business on his own account but thirteen years. Starting without means, he left a fortune, all of which had been earned in the competitive business of shoe manufacturing, without the aid of either patent or trade-mark. That shows McElwain did not lack the money-making faculty. His company's sales grew from \$75,957 in 1895 to \$8,691,274 in 1908. He became thus one of the largest shoe manufacturers in the world. That shows he did not lack either ambition or organizing ability. The working capital required for this rapidly growing business was obtained by him without surrendering to outside investors or to bankers any share in the profits of business; all the stock in his company being owned either by himself or

his active associates. That shows he did not lack financial skill.

But this money-making faculty, organizing ability and financial skill were with him servants, not masters. He worked for nobler ends than mere accumulation or lust of power. In those thirteen years McElwain made so many advances in the methods and practices of the long-established and prosperous branch of industry in which he was engaged, that he may be said to have revolutionized shoe manufacturing. He found it a trade; he left it an applied science.

This is the kind of things he did: In 1902 the irregularity in the employment of the shoe worker was brought to his attention. He became greatly impressed with its economic waste, with the misery to the workers and the demoralization which attended it. Irregularity of employment is the worst and most extended of industrial evils. Even in fairly prosperous times the workmen of America are subjected to enforced idleness and loss of earnings, on the average, probably 10 to 20 per cent. of their working time. The irregularity of employment was no greater in the McElwain factories than in other shoe factories. The condition was not so bad in shoe manufacturing as in many other branches of industry. But it was bad enough; for shoe manufacturing was a seasonal industry. Most manufacturers closed their factories twice a year. Some manufacturers had two additional slack periods.

This irregularity had been accepted by the trade — by manufacturers and workmen alike — as inevitable. It

had been bowed to as if it were a law of nature — a cross to be borne with resignation. But with McElwain an evil recognized was a condition to be remedied; and he set his great mind to solving the problem of irregularity of employment in his own factories; just as Wilbur Wright applied his mind to the aeroplane, as Bell, his mind to the telephone, and as Edison, his mind to the problems of electric light. Within a few years irregularity of employment had ceased in the McElwain factories: and before his death every one of his many thousand employees could find work three hundred and five days in each year.

Closely allied with the establishment of regularity of employment was the advance made by McElwain in introducing punctual delivery of goods manufactured by his company. Shoes are manufactured mainly upon orders; and the orders are taken on samples submitted. The samples are made nearly a year before the goods are sold to the consumer. Samples for the shoes which will be bought in the spring and early summer of 1913 were made in the early summer of 1912. The solicitation of orders on these samples began in the late summer. The manufacture of the shoes commences in November; and the order is filled before July.

Dates of delivery are fixed, of course, when orders are taken; but the dates fixed had not been taken very seriously by the manufacturers; and the trade was greatly annoyed by irregularities in delivery. McElwain recognized the business waste and inconvenience attendant upon such unfulfilled promises. He insisted that an agreement to deliver on a certain day was as

binding as an agreement to pay a note on a certain day.

He knew that to make punctual delivery possible, careful study and changes in the methods of manufacture and of distribution were necessary. He made the study; he introduced the radical changes found necessary; and he so perfected his organization that customers could rely absolutely upon delivery on the day fixed. Scientific management practically eliminated the recurring obstacles of the unexpected. To attain this result business invention of a high order was of course necessary — invention directed to the departments both of production and of distribution.

The career of the Filenes of Boston affords another example of success in professionalized business. In 1891 the Filenes occupied two tiny retail stores in Boston. The floor space of each was only twenty feet square. One was a glove stand, the other a women's specialty store. Twenty years later their sales were nearly \$5,000,000 a year. In September, 1912, they moved into a new building with more than nine acres of floor space. But the significant thing about their success is not their growth in size or in profits. The trade offers many other examples of similar growth. The preëminence of the Filenes lies in the advance which has been made in the nature, the aims, and the ideals of retailing, due to their courage, initiative, persistence and fine spirit. They have applied minds of a high order and a fine ethical sense to the prosaic and seemingly uninteresting business of selling women's garments. Instead of remaining petty tradesmen, they have become, in every sense of the word, great merchants.



The Filenes recognized that the function of retail distribution should be undertaken as a social service, equal in dignity and responsibility to the function of production; and that it should be studied with equal intensity in order that the service should be performed with high efficiency, with great economy, and with nothing more than a fair profit to the retailer. They recognized that to serve their own customers properly, the relations of the retailer to the producer must be fairly and scientifically adjusted; and, among other things, that it was the concern of the retailer to know whether the goods which he sold were manufactured under conditions which were fair to the workers — fair as to wages, hours of work and sanitary conditions.

But the Filenes recognized particularly their obligations to their own employees. They found as the common and accepted conditions in large retail stores, that the employees had no voice as to conditions or rules under which they were to work; that the employees had no appeal from policies prescribed by the management; and that in the main they were paid the lowest rate of wages possible under competitive conditions.

In order to insure a more just arrangement for those working in their establishment, the Filenes provided three devices:

1. A system of self-government for employees, administered by the store coöperative association. Working through this association, the employees have the right to appeal from and to veto policies laid down by the management. They may adjust the conditions

under which the employees are to work, and, in effect, prescribe conditions for themselves.

2. A system of arbitration through the operation of which individual employees can call for an adjustment of differences that may exist between themselves and the management as to the permanence of employment, wages, promotion or conditions of work.

3. A minimum wage scale, which provides that no woman or girl shall work in their store at a wage less than eight dollars a week, no matter what her age may be or what grade of position she may fill.

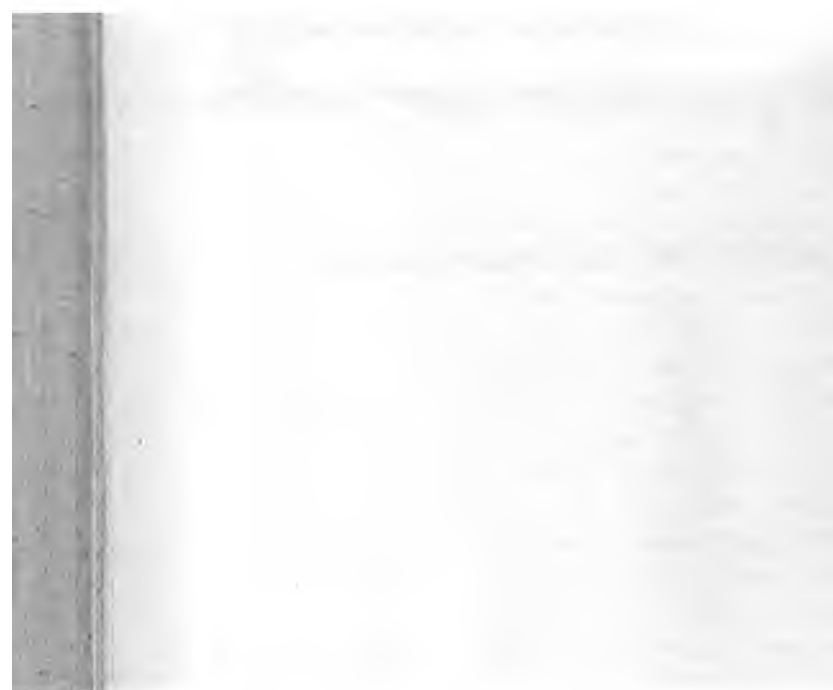
The Filenes have thus accepted and applied the principles of industrial democracy and of social justice. But they have done more — they have demonstrated that the introduction of industrial democracy and of social justice is at least consistent with marked financial success. They assert that the greater efficiency of their employees shows industrial democracy and social justice to be money-makers. The so-called “practical business men,” the narrow money-maker without either vision or ideals, who hurled against the Filenes, as against McElwain, the silly charge of being “theorists,” has been answered even on his own low plane of material success.

McElwain and the Filenes are of course exceptional men, but there are in America to-day many with like perception and like spirit. The paths broken by such pioneers will become the peopled highways. Their exceptional methods will become accepted methods. Then the term “Big business” will lose its sinister meaning and will take on a new significance. “Big business” will then mean business big not in bulk or power, but great

in service and grand in manner. "Big business" will mean professionalized business, as distinguished from the occupation of petty trafficking or mere money-making. And as the profession of business develops, the great industrial and social problems expressed in the present social unrest will one by one find solution.

## SCIENTIFIC STANDARD SERVICE





## CHAPTER XX

### SCIENTIFIC STANDARD SERVICE

**T**HIS volume is already larger than contemplated at its inception. The authors of these chapters are all exceedingly busy men who, notwithstanding the over-demands on their time, have, at considerable personal sacrifice, contributed to our study of social and industrial righteousness.

With a single exception, they have not received as much as the postage which they have expended in assisting in the preparation of this volume.

Whatever proceeds may be received from its distribution will all be devoted to the work of which it is a part.

We have here the combined testimony of experts from places widely separated. By the agreement of their statements, they compel conviction. By their local coloring, and personal equation, and contributory thought and illumination they add emphasis.

The suggestions, offered herein, regarding laws for mitigating existing evils have already, to some extent, been embodied in drafts of proposed measures introduced into state and national legislation. Some of these have now been enacted into law and others will, in the near future, be urged for enactment.

It is well, however, to note that all agree that the suggestions regarding needed legislation, even when enacted

into law, can avail but little and, therefore, such suggestions do not, by any means, constitute the chief value of the composite message contained in this volume.

The very fact of its eminent and composite authorship is a thing of *real value*. These men represent a large and constantly increasing group of the best citizens,—real patriots,—in various vocations and environments, who are, more and more, devoting time and means to the study of these persistent, public problems.

The faith to believe that these problems can be solved is of *real value*.

The ideal of service rather than selfishness and exploitation is of *real value*.

The *chief value* of this volume is in its composite idealism and spiritual note and aspiration which may be denoted as a call to Scientific Standard Service. Unemployment, the worker's fair share, the high cost of living, are but phases of one big problem. When we can really solve one of them, we shall have solved all three of them. No one of them can be solved alone.

If we steer our course by the dazzling dollar goal, our ship will always be storm-tossed and in distress among the breakers. If Scientific Standard Service is our guiding star, we shall arrive at the place already seen by inspired vision, and dreamed of by millions of tired toilers, and prayed and worked for by an increasingly large group of faithful men and women.

Scientific Standard Service is the definition of whatever is feasible in socialism. It is also the ultimate conclusion of Christian ethics and applied Christianity.

Those who object to Scientific Standard Service as

being an impracticable and impossible idealism are in the same class as those who have, from time to time, pronounced against each proposed step in human advancement.

We no longer make it a crime to teach that the earth is round and moves on its axis and also around the sun. We no longer quote the Bible in defense of human slavery, or the divine right of kings. Universal popular education is also becoming an accomplished fact in the world's progress. Labor-saving machinery and devices to safeguard the worker have also been introduced by the same class of impracticable idealists, and that, too, in the face, at times, of the strongest opposition of both capital and labor.

The social service movement is another instance where this same kind of idealism has proved, in practice, a success.

Our universities now have departments of social ethics. Our leading religious denominations have social service secretaries directing their social service activities. Various settlement houses in the needy sections of our urban populations are expressions of our awakened spirit of altruism.

If, then, we can trace our path of attainment all the way up to social service, are we not ready to see Scientific Standard Service as the next and logical step to be taken?

If our universities and churches are doing good service in training up a portion of our citizens for altruism and social service, is it equally commendable to train the remainder of our citizens for the vocations of selfishness or the exploitation of their fellow-men?



Such slogans, for instance, as "Boom Boston," "A Bigger, Busier Boston," are not put forth by the social service portion but by those trained for selfish service and exploitation.

The social service idea would be, to first inquire whether some of the thousands, already living in Boston, would not be more favorably located in some other city or town or section of country. Scientific Standard Service would also first ascertain the needs of the group of people under consideration, and in the supplying of those needs would make the slogan *not* "Boom Boston," or "City Planning," but rather "Scientific Standard Service."

Our Universities and similar agencies, already established or to be established, could contribute the scientific data regarding standard human requirements. And Altruism and Science, working together, would be competent to ascertain and designate the best location and facilities for enabling each person to perform the required service of supplying his own needs.

Our present difficulties and problems, as discussed in this volume, are the result of evils partly personal and partly social. Our work of remedy must also be both personal and social.

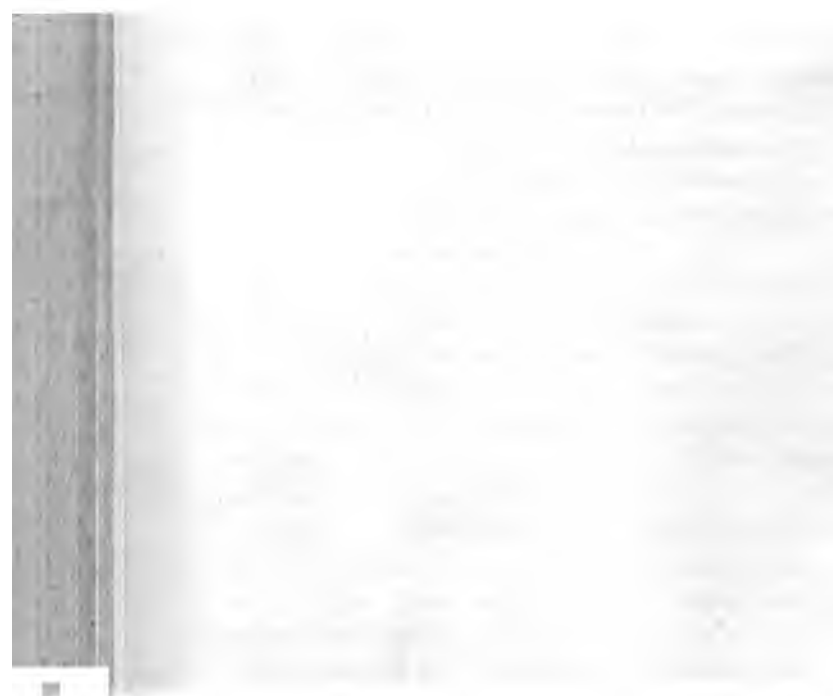
The personal must precede the social and the spiritual must be the initial personal change. Repentance and faith obtain a personal salvation which must be exemplified and worked out and perfected by service. Social salvation must obtain by an identical process through groups of people who have had the experience of personal salvation.

It is proposed to continue this chapter in the form of practical composite research and investigation and group effort to solve these Persistent Public Problems and for the attainment of the ideals set forth.

This provides each reader an opportunity to assist actively and to obtain assistance.

In order that items of interest and information of progress may be sent from time to time, each reader is requested to write his or her name and address very plainly on a post card and mail at once to

SCIENTIFIC STANDARD SERVICE,  
P.O. Box 3507,  
Boston, Massachusetts,











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